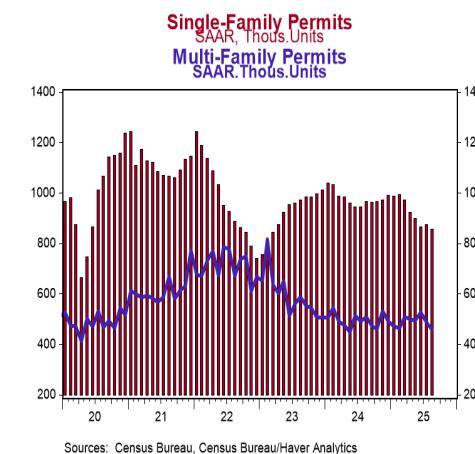
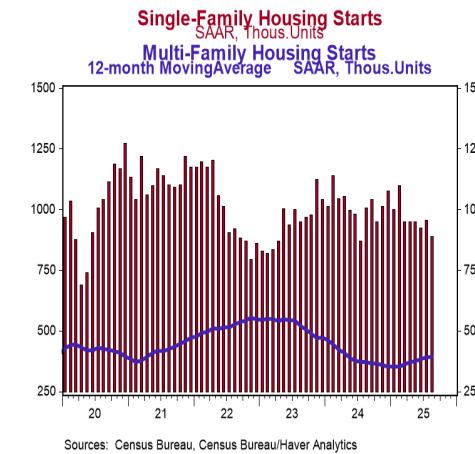


October Housing Starts

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- Housing starts declined 4.6% in October to a 1.246 million annual rate, lagging the consensus expected 1.330 million. Starts are down 7.8% versus a year ago.
- The drop in October was entirely due to multi-unit starts. Single-family starts rose in October. In the past year, single-family starts are down 7.8% while multi-unit starts are down 7.9%.
- Starts in October fell in the West and Northeast but rose in the South and Midwest.
- New building permits declined 0.2% in October to a 1.412 million annual rate, beating the consensus expected 1.350 million. Compared to a year ago, permits for single-family homes are down 9.4% while permits for multi-unit homes are up 16.3%.

Implications: Homebuilding was disappointing in October, with starts declining 4.6% to a 1.246 million annual rate, the lowest level since 2019 and well short of even the most pessimistic forecast for any Economics group surveyed by Bloomberg. Looking at the big picture, homebuilders face a huge set of headwinds – 1) the largest completed single-family home inventory since 2009 2) high home prices 3) restrictive local building regulations 4) stricter immigration enforcement making it difficult to find or replace workers, and 5) the uncertainty of tariffs and how they'll affect building costs. All of this has translated into building rates reminiscent of 2020—no growth in over five years. Digging into the details of the report, the drop in October was entirely due to the volatile multi-unit category (which had helped lift overall construction in recent months) retreating 22.0% to the lowest level since January. Meanwhile, single-family starts rose 5.4% but remain 7.8% lower than a year ago. Building permits weren't strong either, down 0.2% in October and 1.1% from a year ago, led by a 9.4% decline in single-family permits since October 2024. The one bright spot was in multi-unit permits which ticked up 0.2% in October and are up 16.3% from a year ago. One way homebuilders had been combatting sluggish activity is by focusing their efforts on completing projects. New home completions were red hot in 2024 but have trended lower in 2025. Completions rose 1.1% in October but are down 15.3% in the past year. Despite the downward trend, they have still outpaced starts and permits in nine out of the last twelve months. With strong completion activity and tepid growth in starts, the total number of homes under construction has fallen 10.1% in the last twelve months. In the past, like in the early 1990s and mid-2000s, this type of decline was associated with a housing bust and falling home prices. But with the brief exception of COVID, the US has consistently started too few homes almost every year since 2007. So, while multiple headwinds may hold back housing starts, a lack of construction since the last housing bust should keep national average home prices elevated. The encouraging news is that affordability has shown some signs of improvement. In October, the average 30-year fixed mortgage rate fell to 6.3%, the lowest level since September 2022. Looking ahead, we anticipate mortgage rates will continue to gradually decline as the Federal Reserve makes modest cuts to short-term interest rates.



Housing Starts SAAR, thousands	Monthly % Ch.	Oct-25 Level	Sep-25 Level	Aug-25 Level	3-mth moving avg	6-mth moving avg	Yr to Yr % Change
Housing Starts	-4.6%	1246	1306	1291	1281	1321	-7.8%
<i>Northeast</i>	<i>-0.6%</i>	154	155	98	136	131	41.3%
<i>Midwest</i>	<i>0.5%</i>	199	198	221	206	205	-20.7%
<i>South</i>	<i>1.2%</i>	650	642	666	653	701	-2.1%
<i>West</i>	<i>-21.9%</i>	243	311	306	287	285	-25.9%
Single-Unit Starts	5.4%	874	829	869	857	900	-7.8%
Multi-Unit Starts	-22.0%	372	477	422	424	422	-7.9%
Building Permits	-0.2%	1412	1415	1330	1386	1384	-1.1%
Single-Unit Permits	-0.5%	876	880	858	871	876	-9.4%

Source: U.S. Census Bureau