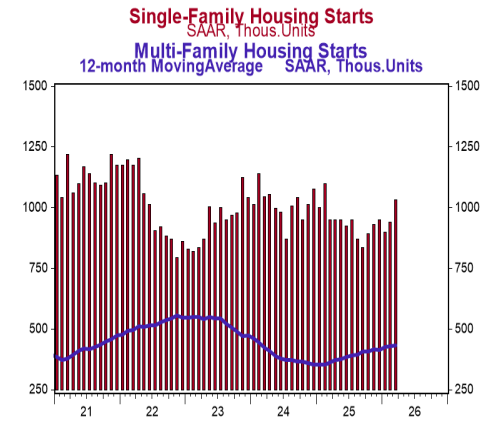


March Housing Starts

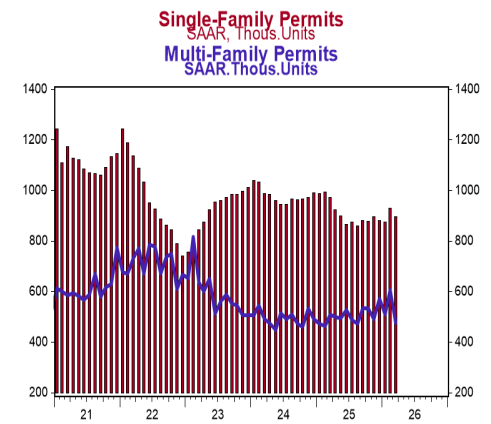
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- Housing starts rose 10.8% in March to a 1.502 million annual rate, easily beating the consensus expected 1.380 million. Starts are up 10.8% versus a year ago.
- The gain in March was due to both single-family and multi-unit starts. In the past year, single-family starts are up 8.9% and multi-unit starts are up 15.5%.
- Starts in March rose in all major regions.
- New building permits declined 10.8% in March to a 1.372 million annual rate, lagging the consensus expected 1.390 million. Compared to a year ago, permits for single-family homes are down 7.9% and permits for multi-unit homes are down 6.3%.

Implications: Homebuilding surprised to the upside in March, as housing starts beat even the most optimistic forecast of any economics group surveyed by Bloomberg, rising 10.8% to a fifteen-month high. However, part of the rise represents a bounce back from February, when starts fell 3.0% after unusually snowy conditions in parts of the country weighed on activity. Starts rose in all major regions in March, with both the single family and multi-unit categories contributing. Single-family starts rose 9.7% in March and are up 8.9% in the past year, while multi-unit starts rose 13.3% and are up 15.5% in the past year. Does this mean we are the verge of a boom in home building? Unlikely. Further down the pipeline, permits for new builds fell 10.8% to a 1.372 million annual rate, lagging consensus expectations. Both the single-family and multi-unit categories contributed to the decline in March and are down 7.9% and 6.3%, respectively, in the past twelve months. Meanwhile, home completions have dropped, ticking up only 0.1% in March after falling 6.3% in February, and now sitting at a 1.366 million annual rate, 12.8% lower than they were a year ago. Meanwhile, the total number of homes under construction has fallen 9.8% 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 (high home prices, tariffs that raise building costs, restrictive local building regulations, immigration enforcement that makes it difficult to find or replace workers, and the largest completed single-family home inventory since 2009), a lack of construction since the last housing bust should keep national average home prices elevated. Recent home price data reflects that view, as the FHFA index was unchanged in February but is up 1.7% in the past year, while the national Case-Shiller index rose 0.1% in February and is up 0.7% from a year ago. In other recent news, the M2 measure of the money supply grew 0.3% in March and is up 4.6% from a year ago – still below its historical growth rate of about 6%.



Sources: Census Bureau, Census Bureau/Haver Analytics



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Housing Starts SAAR, thousands	Monthly % Ch.	Mar-26 Level	Feb-26 Level	Jan-26 Level	3-mth moving avg	6-mth moving avg	Yr to Yr % Change
Housing Starts	10.8%	1502	1356	1398	1419	1371	10.8%
Northeast	24.8%	176	141	179	165	155	18.9%
Midwest	12.2%	221	197	163	194	190	-0.9%
South	9.1%	794	728	755	759	736	14.1%
West	7.2%	311	290	301	301	290	8.0%
Single-Unit Starts	9.7%	1032	941	898	957	941	8.9%
Multi-Unit Starts	13.3%	470	415	500	462	430	15.5%
Building Permits	-10.8%	1372	1538	1386	1432	1425	-7.4%
Single-Unit Permits	-3.8%	895	930	876	900	893	-7.9%

Source: U.S. Census Bureau