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Comments on Current Economic Indicators – United States

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Housing Starts and Building Permits (August) Top Expectations

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Housing Starts rose to a seasonally-adjusted annual rate of 1.615M in August (DE 1.546M, Consensus 1.550M) from a revised 1.554M in July (originally 1.534M). This marked a 3.9% increase after a 6.2% fall.

Building Permits improved to 1.728M (DE 1.602M, Consensus 1.600M) from a revised 1.630M (originally 1.635M). It was a 6% increase following a 2.3% rise.

Data – Northeast Leads Growth for Starts and Permits

- **Starts** decreased 2.8% for Single-Unit Dwellings but rose **21.6% for the Five Units or More Category.** The former went up 5.2% YoY while the latter was up 60.1% YoY.
- **Starts jumped 167.2% in the Northeast** and rose 11.4% in the Midwest. The South saw a 1.4% gain while Starts dropped 21.1% in the West.
- **Permits** grew 0.6% for Single, fell 22.2% for Structures with Two to Four Units and improved **19.7% for the Five Plus Category.**
- Permits rose 18.5% in the Northeast and 6.7% in the South. The West and Midwest saw growth of 3.5% and 0.9%.
- Year-over-year, Starts were up 17.4% and Permits rose 13.5%.
- Housing **Completions** dropped 4.5% and Housing **Under Construction** rose 1.7%.

Perspectives – Housing Demand Still Strong; Supply Challenges Persist

Housing Starts and Building Permits were higher than DE and Consensus forecasts for August.

The Five Units of More Category helped fuel the overall growth.

Labor and material shortages continue to challenge builders, leading to backlogs. Housing Under Construction rose to the highest level since 2006.

The National Association of Home Builders (NAHB) Housing Market Index – released yesterday – rose to 76 for September from 75 in August, suggesting a favorable outlook as Housing demand remains solid.

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