



Pace of Construction Slows after Three Busy Months

Residential construction activity **took a breather in August**. The U.S. Census Bureau and the Department of Housing and Urban Development reported this morning that all three measures, housing permits, starts, and completions, were lower than their unexpectedly high July rates. Permits for residential construction were issued during the month at a seasonally adjusted annual rate of 1,470,000. This is down 0.9 percent from the revised (from 1,495,000) 1,483,000 units in July. It was also fractionally lower (0.1 percent) than the August 2019 rate of 1,471,000. Analysts had expected a continuation of the heavy pace of construction that kicked in after a disastrous plunge in numbers in March due to pandemic related shutdowns. **Permitting was at the low end of estimates** from those polled by *Econoday*, 1,450,000 to 1,550,000. Their consensus was 1,530,000 units.

Single family permits were up 6.0 percent from July's revised estimate of 977,000 (originally reported at 983,000) to 1,036,000. This was 15.6 percent higher than the August 2019 rate. The damage to permitting was due to multifamily activity which fell 17.4 percent for the month and 28.5 percent year-over-year to 381,000 annual units. On a non-adjusted basis there were 125,500 permits issued during the month, 89,600 of which were for single-family houses. The comparable numbers in July were 135,400 and 92,100. For the year-to-date (YTD) there have been 921,500 permits issued compared to 906,200 during the same period last year, an increase of 1.7 percent. Single-family permits YTD total 615,300 compared to 576,700 and multifamily permits are down 8.3 percent to 276,600.

Housing starts declined 5.1 percent to a seasonally adjusted annual rate of 1,416,000 units in August from a downwardly revised 1,492,000 (from 1,496,000) units in July but maintained a 2.8 percent edge over the August 2019 rate. Analysts largely overshot the mark here as well, expecting housing starts to be in the 1,400,000 to 1,600,000 range. The consensus was 1,486,000 units. Multifamily construction drove the decline in starts even more so than permits, not surprising given the 57 percent surge the prior month. The annual rate of 375,000 was down 25.4 percent from July and 16.9 percent from August 2019. The 1,021,000 single-family starts were higher than both earlier periods, up 4.1 percent from July and 12.1 percent on an annual basis. The July number was revised upward from 940,000 to 981,000. Starts were down on an unadjusted basis from 139,100 in July to 127,300. Single family starts were essentially unchanged from July at 93,100. YTD there have been 894,000 starts, up from 850,200 in 2019, an increase of 5.2 percent. Single-family starts are up 3.8 percent to 618,100 and there has been 8.8 percent growth in multifamily starts to 268,100. Residential units were completed at annual rate of 1,233,000 in August, a decrease of 7.5 percent from the upwardly revised (from 110,900,000) 1,333,000 units in August. The rate of completions for single-family units was down 4.4 percent to 912,000 and multifamily completions dropped 15.4 percent to 312,000. Actual completions during the month were estimated at 112,800, 80,300 of which were single-family units. The July estimates were 116,300 and 79,700, respectively. YTD there have been 815,600 housing units completed, including 586,300 single-family and 223,100 multifamily units. This is a **-0.6 percent change for total completions, a 1.1 percent increase in single family completions** and a multifamily decline of 4.4 percent from 2019 YTD levels.



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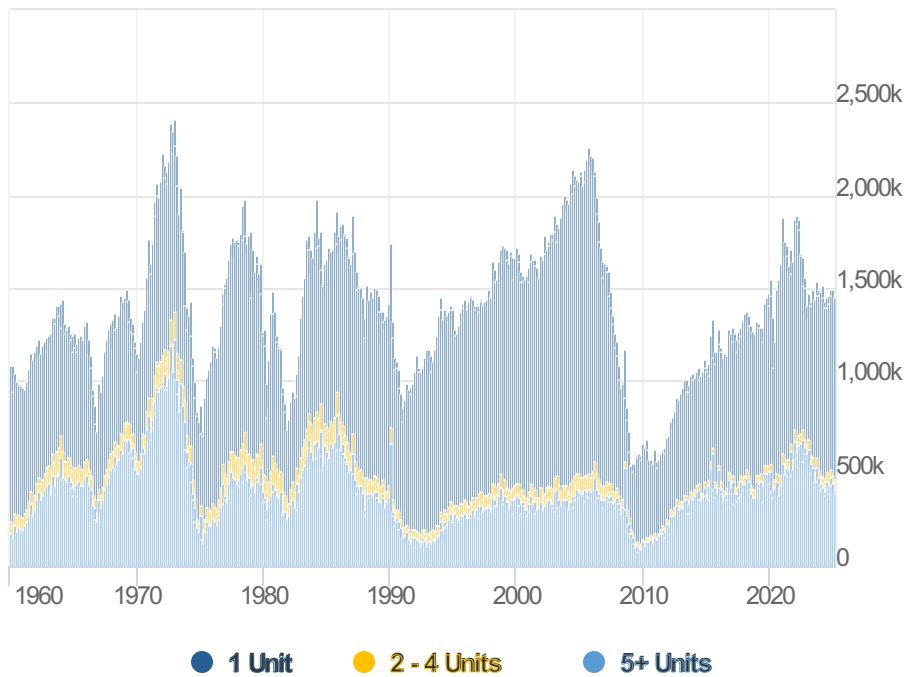
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At the end of the reporting period there were 1,211,000 units under construction, 521,000 of which are single-family houses. There was also a backlog of 172,000 permits, including 99,000 for single-family units. Permitting in the Northeast fell by 13.1 percent from the July level and was down 27.4 percent on an annual basis. Starts also fell significantly, by 33.1 percent and 47.0 percent from the two earlier periods. Completions were down 8.5 percent and 27.6 percent, respectively. The Midwest reported a decline of 16.1 percent in August from the rate of permitting the prior month and 1.1 percent fewer permits than a year earlier. Starts were strong, increasing by 28.4 percent from July and 40.5 percent from the previous August. Completions were up 12.3 percent from July and down by an identical percentage from one year earlier. The South posted a 6.0 percent increase in permitting compared to July and a 2.8 percent gain year-over-year. There were 17.7 percent fewer starts than the prior month and they were 2.6 percent lower on an annual basis. Completions declined 11.3 percent month-over-month but were up 2.1 percent for the year. Permitting in the west was down 1.1 percent for the month but was 7.0 percent higher than in August 2019. Starts rose by 19.5 and 19.9 percent for the month and year. Completions were 7.7 percent lower than in July but 5.4 percent above the rate the prior August.

Building Permits By Structure



Housing Starts By Structure

