



Permitting Soars as Builders Prep for Spring

Builders appear to be prepping for a huge spring. While the U.S. Census Bureau and the Department of Housing and Urban Development report that housing starts were down in January, typically the case in winter, housing permits were issued at what is probably a post housing crisis high.

The seasonally adjusted rate of permitting during the month was at an annualized 1,881,000 units, a 10.4 percent jump from December's rate of 1,704,000, itself a more than 4 percent monthly increase, up 22.5 percent from the 1,536,000 permits issued in January 2020.

Analysts polled by Econoday didn't come close with their estimates, which anticipated a slight monthly retreat. Predictions ranged from 1,600,000 to 1,715,000 with a consensus of a 1,670,000-permit rate.

Single-family permits were estimated at 1,269,000, a **3.8 percent increase** over December's revised (from 1,226,000) estimate of 1,223,000 and up 29.9 percent year-over-year. Multifamily permits jumped 28.0 percent to 435,000 annual units, a 7.9 percent annual increase.

On a non-adjusted basis there were 128,300 permits issued during the month compared to 133,600 in December. Single-family permits accounted for 83,900 of those issued, down from 88,500 the previous month.

Housing starts, which had been stronger than anticipated in December, pulled back in January. The seasonally adjusted annual rate for the month was 1,580,000, down 6.0 percent from the 1,680,000-unit rate (revised from 1,669,000) that ended 2020. The rate of starts also fell behind the estimated 1,617,000 a year earlier by 2.3 percent.

Analysts missed badly on their predictions for housing starts as well. They had expected only a small decline from the prior month with a consensus of 1,655,000 units.

Single family starts fell 12.2 percent to 1,162,000 units from a downwardly revised rate of 1,323,000. The original estimate was 1,338,000 units. **Single-family starts are still up 17.5 percent year-over-year.** Multifamily starts rose 16.2 percent to 346,000 but are down 35.1 percent from the pace in January 2020.

There were 109,500 housing starts during the month, 77,900 of which were single family units. The unadjusted numbers in December were 115,400 and 89,400, respectively.

Residential units were completed at a seasonally adjusted annual rate of 1,336,000, down 2.3 percent from December but 2.4 percent higher than a year earlier. The rate of completion of single-family units rose 10.0 percent to 1,036,000, an annual growth of 14.3 percent. Multifamily completions of 296,000 annualized units marked 28.3 percent monthly and 23.9 percent annual declines.

On a non-adjusted basis, 93,800 homes were brought on line during the month compared to 129,900 in December. Completed single-family houses numbered 73,400 compared to 91,500 a month earlier.



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At the end of the reporting period there were an estimated 1,280,000 housing units under construction, 620,000 of which were single-family houses. At the same time there were 204,000 permits issued and awaiting construction. The single-family permit backlog was 114,000.

Permitting increased by 39.3 percent from the prior month in the **Northeast** and was 8.9 percent higher than in January 2020. Starts up 2.3 percent from December but lost 38.2 percent from the pace the prior January. Completions fell by 14.4 percent and 2.9 percent from the two earlier periods.

The **Midwest** had an 0.8 percent dip in permitting in January, but those permits were still 13.4 percent higher than a year earlier. Starts fell 12.3 percent from the previous month but rose 28.5 percent on an annual basis. Completions were down for both periods, by 7.9 percent and 4.9 percent, respectively.

The **South** saw increases of 8.3 percent and 26.5 percent in permitting for the month and year. Starts were down 2.5 percent from December but 4.7 percent above the level the prior January. Completions moved higher by 5.4 percent compared to December and 19.7 percent year-over-year.

Permits in the **West** were up 11.7 percent from December and 25.9 percent from a year earlier, but starts declined from both earlier periods, by 11.4 percent and 9.2 percent, respectively. Completions decreased 11.5 percent and 21.4 percent.