



Housing Starts Continue to Improve as Permits Lose More Ground

Housing starts posted a second straight increase in June while permits continued what has become a long, slow, slide. The U.S. Census Bureau and the Department of Housing and Urban Development said builders began construction on new homes at a seasonally adjusted annual rate of 1.643 million during the month, a 6.3 percent increase over the 1.546 million rate of starts in May. Those were originally reported slightly higher, a 1.572 million rate. Starts are now 29.1 percent higher than in June 2020.

The June number was **higher** than expected by analysts. Those polled by Econoday had a consensus of 1.590 million units. Their forecasts were wide ranging, running from 1.520 to 1.693 million units.

Single family starts were at a seasonally adjusted annual rate of 1.160 million units, also a 6.3 percent increase from May and 28.5 percent higher year-over-year. May's starts were revised down slightly from 1.098 million to 1.091 million units. The rate of multifamily housing starts rose 6.8 percent to 474,000 units, a 30.6 percent increase from a year earlier.

On a **non-adjusted** basis there were 152,600 construction starts during the month, 111,100 of which were single-family homes. The May numbers were 140,400 and 99,800 units, respectively.

During the first six month of 2021 there have been 786,300 housing starts compared to 627,900 in the first half of 2020, a **25.2 percent increase**. Single-family starts are up 305 percent, from 431,800 to 563,500 units. The 216,200 multifamily starts thus far in 2021 is a 13.5 percent annual gain.



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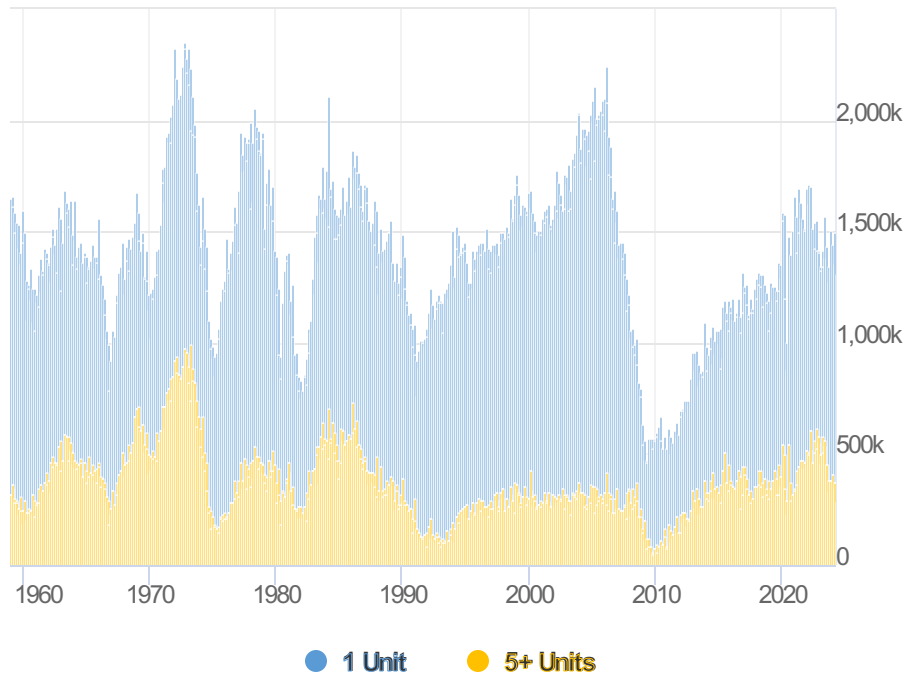
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Housing Starts By Structure



Permits were issued nationwide at a seasonally adjusted rate of 1.598 million units, **down 5.1 percent** from the 1.683 million unit estimate in May. It is 23.3 percent above the June 2020 permitting rate when much of the country was still in a pandemic lockdown. The rate of permitting has fallen from a rate of 1.883 million units in January and has posted an increase in only one month since then.

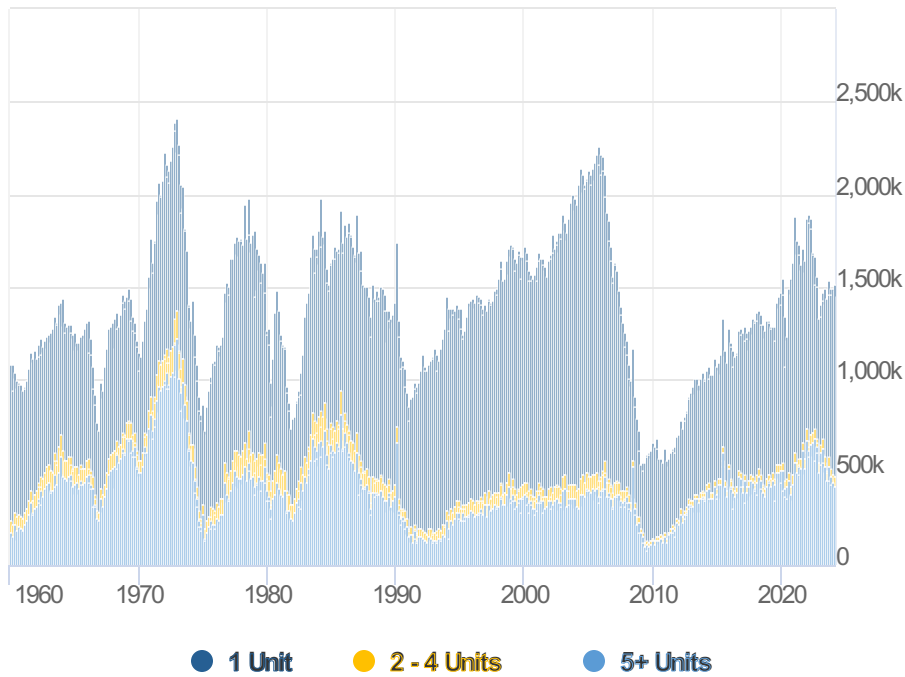
Analysts had expected a slight uptick in permitting compared to May and **didn't come close** with their estimates. Their consensus was a 1.700 million rate based on estimates that ranged from 1.650 million to 1.740 million units.

Permits for building single-family houses were down even more sharply. The 1.063 million rate in June was 6.3 percent lower than the 1.134 million rate the prior month and 25.1 percent above the rate in June 2020. The 483,000 multifamily permitting rate was 1.6 percent lower than May's but 19.3 percent higher on an annual basis.

There were 155,000 permits issued during the month, 104,900 for single-family construction. This was up from 142,300 total and 99,100 single-family permits in May.

The total permits issued thus far in 2021, 865,500, represents a **30.8 percent increase** from the same period last year. Single-family permits, 588,800 year-to-date, is 35.7 percent higher than in the first half of 2020, and multifamily permitting is 20.8 percent higher with 250,700 issued.

Building Permits By Structure

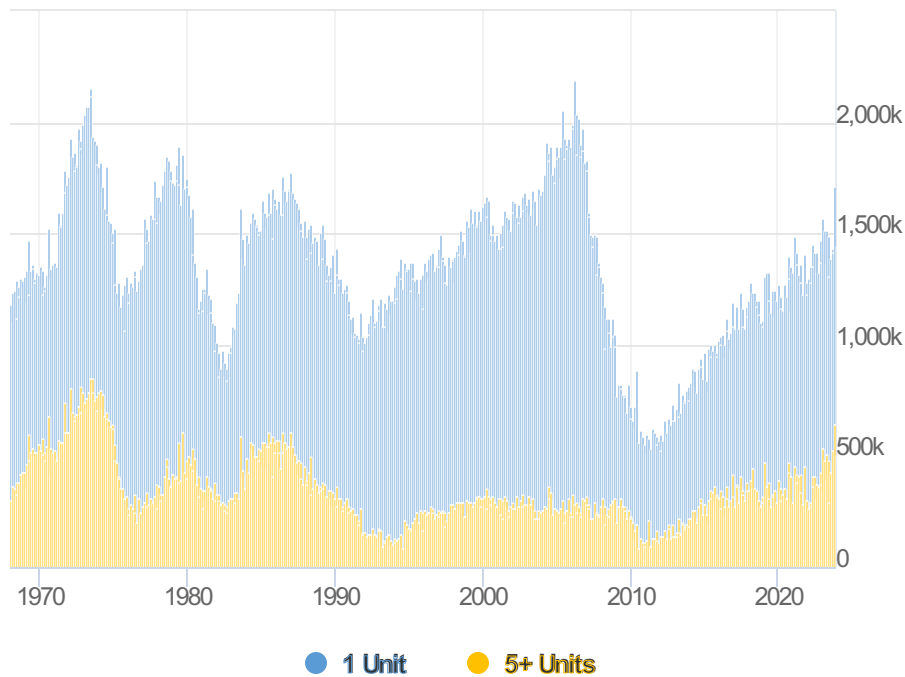


There was a decline of 1.4 percent in the rate of housing **completions** in June to 1.324 million units. This is 6.5 percent above the rate in June 2020. Single-family completions fell 6.1 percent to 902,000 and were also lower, by 2.7 percent, from the rate in June 2020.

There were 116,900 units brought on line during the month, 78,700 of them single-family homes. Completions in May totaled 111,500 and 79,800, respectively.

There have been 649,500 homes completed thus far in 2021, **up 10.7 percent** from the 586,500 completed at this point last year. Single family completions are up 9.3 percent to 466,000 and there have been 180,900 multifamily units finished, a 16.1 percent annual gain.

Housing Completions By Structure



At the end of June there were 1.359 million units under construction and 235,000 permits in hand but under which construction had not started. There are 675,000 single-family homes being built and a backlog of 144,000 such permits.

Robert Dietz, economist for the National Association of Home Builders (NAHB) said "It is worth noting that the number of single-family homes permitted but not started construction appears to be leveling off, now standing at 144,000 units. This is 58 percent higher than a year ago, as building material costs increase and delay some home building, but it has leveled off in recent months."

Starts in the **Northeast** declined by 9.0 percent from May but were 5.2 percent ahead of last June. Permitting declined 8.3 percent from May but was 11.7 percent higher year-over-year. Completions rose 54.2 percent and 56.3 percent from the two earlier periods.

The Midwest had 7.5 percent fewer starts than in May but managed a 1.0 percent gain from a year earlier. Permitting was down 6.7 percent for the month but 11.8 percent above the June 2020 rate. The rate of completions was down 15.8 percent and 13.5 percent **from** May and from June 2020.

Construction starts were up 9.7 percent in the **South** and 35.1 percent higher than in June 2020 but permits fell 3.0 percent from May. The permitting rate was 27.2 percent higher year-over-year. The rate of completed units fell 7.1 percent for the month but was 8.6 percent higher than the same period last year.

The **West** saw monthly and annual increases in starts of 12.6 percent and 44.9 percent, respectively. The permitting rate fell 7.4 percent but was 26.6 percent higher on an annual basis. The rate of completions rose 9.6 percent and 2.6 percent compared to the two earlier months.

Dietz commented on the regional picture, "Thus far in 2021, 56 percent of single-family construction is occurring in the South. Data from NAHB's Home Building Geography Index indicate outsized gains for construction within markets with lower regulatory costs and greater access to developable land."