



Construction Numbers Fall Back from August Levels

Both permits and housing starts fell in September following an unanticipated increase the previous month. Where the August gains were driven primarily by strong multifamily construction activity, a decline in that sector hurt the September metrics.

Permitting was especially weak, with the lowest seasonally adjusted annual rate since September 2020's nearly identical number. Permits were issued at a rate of 1.589 million compared to a revised rate of 1.721 million in August, a decline of 7.7 percent. The August permits were originally reported at a rate of 1.728 million. As noted, there was no change from a year earlier.

The forecasts for permits from analysts polled by *Econoday* all exceeded the reported number, ranging from 1.620 million to 1.725 million units. The consensus from both *Econoday* and *Trading Economics* was a 1.680 million permitting rate.

Single family permits were down 0.9 percent from the previous month, at an annual rate of 1.041 million units compared to 1.050 million (revised from 1.054 million) in August and 7.1 percent below the rate a year earlier. Permits for multifamily construction (units in buildings containing five units or more) fell 21.0 percent from August to 498,000 units but remained 18.0 percent higher than the rate in September 2020.

On a non-adjusted basis 134,900 permits were issued, 87,400 of them for single family houses. In August, the respective numbers were 154,600 and 93,500.

For the year-to-date (YTD), permits have totaled 1.303 million, a 22.7 percent increase over the 1.062 million issued over the same period in 2020. Single family permits total 863,100, annual growth of 21.0 percent and multifamily permits are up 27.2 percent.

Construction starts in September fell back by 1.6 percent from the downwardly revised rate of 1.580 million (from 1.615 million) in August to an annual rate of 1.555 million. This was 7.4 percent above the September 2020 rate of 1.448 million.

Again, analysts' expectations were higher than the results with a consensus of 1.62 starts from both publications. *Econoday's* analysts had a forecast range of 1.580 to 1.671 million.

Single family starts were unchanged at an annual rate of 1.080 million which was 2.3 percent lower than rate of 1.105 permits a year earlier. Multifamily permits were down 5.1 percent from August but had increased 38.2 percent from a year earlier at 467,000 units.

There were 135,800 residential construction starts during the month, compared to 140,600 in August. Single family starts declined to 92,800 from 97,000.

Despite the weak September numbers, **starts are running well ahead of next year** with a total of 1.214 million during the first nine months of the year. **This is 19.5 percent more** than the 1.016 million at the same point in 2020.

Single family starts are up 20.5 percent thus far in 2021 to a total of 859,200 and multifamily starts have gained 17.6 percent to 345,200.



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Residential units were completed during the month at an annual rate of 1,240 million, down 4.6 percent from the 1.300 million rate in August and 13.0 percent lower on an annual basis. The completion rate for single family houses was unchanged from August at 953,000 units, 2.1 percent more than a year earlier. Multifamily completions dropped 18.1 percent and 41.8 percent compared to the earlier periods.

Completions during the month numbered 103,300 units, down from 118,200 in August. There were 79,600 single-family houses finished during the month, down from 83,700 the prior month.

Through the end of September there have been 992,000 units of housing brought on line, 6.0 percent more than the 935,800 over the same timeframe last year. Single family completions are up 7.1 percent to 710,500 and there have been 276,400 multifamily units completed, a 4.2 percent increase.

At the end of September there were 1.426 million homes under construction, 7121,000 of them single-family houses. In addition, there was a backlog of 250,000 construction permits and 144,000 of those were for single-family construction.

Permits in the **Northeast** were 20.0 percent lower than in August and 20.5 percent below the rate the previous September and starts are down 27.3 percent and 4.8 percent from the two earlier periods. Completions were 19.0 percent lower than in August, but the rate increased 8.8 percent on an annual basis.

Midwest permitting increased slightly, up 0.5 percent month-over-month and 1.4 percent on an annual basis. Starts were also higher, up 6.9 percent and 3.3 percent, respectively. Completions rose 18.2 percent for the month but were down 9.2 percent year-over-year.

In the **South** there were 6.0 percent fewer permits issued than in August but an increase of 1.9 percent from September 2020. Starts fell 6.3 percent from the previous month but were 9.4 percent higher on an annual basis. Completions declined for both periods, by 3.3 percent and 10.1 percent.

The greatest decline in permits was in the **West**, down 10.9 percent, but activity remained 3.4 percent higher for the year. Starts jumped 19.3 percent from August and were also 9.7 percent higher year-over-year. There were 13.1 percent fewer homes completed than in August and 27.4 percent fewer than in September 2020.