

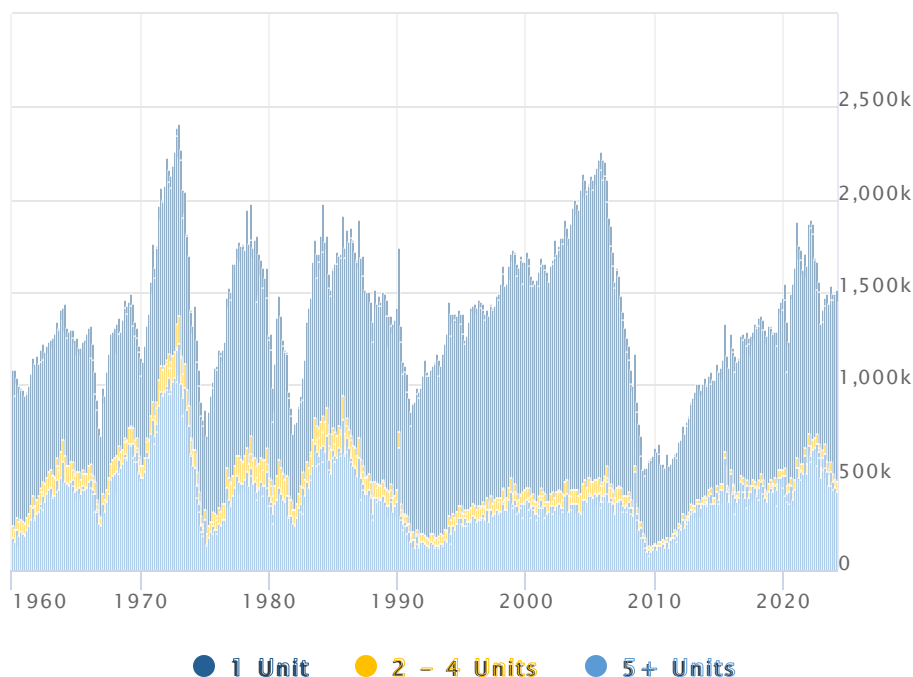


Permits and Starts Sit at 16-Year Highs

Despite the oft-cited hurdles, housing production continued to strengthen in March. Permits for residential construction were issued at seasonally adjusted annual rates that surpassed 1,800 for the fourth consecutive month and housing starts were the highest for any month since June 2006.

The U.S. Census Bureau and the Department of Housing and Urban Development said the annual rate of permitting during the month was 1,873 units, an 0.4 percent increase from February's upwardly revised 1,865. This was 6.7 percent above the rate the prior March. **The permitting rate each month from December forward has topped the results for any month since May 2006.**

Building Permits By Structure



Single family permits declined 4.8 percent from February and the 1,147-unit rate was down 3.9 percent from a year earlier. Permits for units in buildings with five or more increased 10.9 percent for the month and were 33.6 percent higher year-over-year.

On an unadjusted basis there were 169,400 permits issued during the month compared to 131,500 in February. Single family starts jumped to 107,100 from 87,100. So far in 2022 there have been 433,000 permits issued, 277,800 of them for single family units. This is a 6.3 percent increase from year-to-date (YTD) permits in 2021 although single-family permitting is essentially unchanged. The 142,000 multifamily permits represent 19.8 percent growth.

After stalling in the spring and summer of 2021, **housing starts began to recover in November, gaining in all but one month since.** The 0.3 percent uptick in March took the annual rate to 1.793 million and it is 3.9 percent higher than a year earlier. Starts totaled 147,400 units on an unadjusted basis, a 20,000-unit month-over-month increase.



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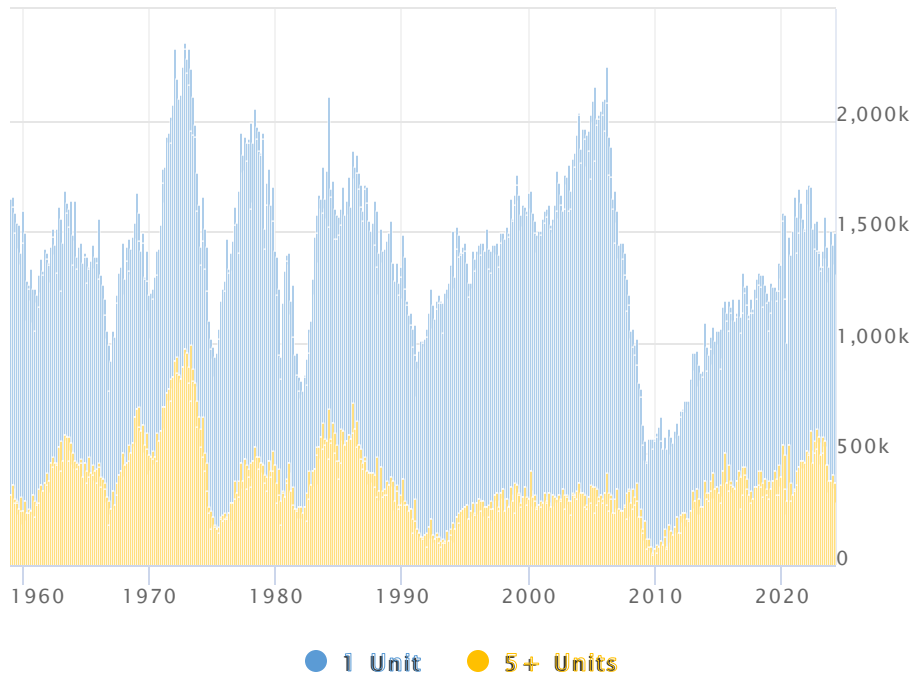
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Single family starts were down 1.7 percent from February to a seasonally adjusted rate of 1.200 million units and are now behind the March 2021 rate by 4.4 percent. However, without seasonal adjustment, the number of starts rose from 84,600 in February to 99,100 units. Multifamily starts were at an annual rate of 574,000, an increase of 7.5 percent and 28.1 percent from the two earlier periods.

Housing Starts By Structure



YTD starts total 394,800 with single family starts accounting for 265,300 and multifamily starts for 124,700. These are year-over-year increases of 10.3 percent, 3.9 percent, and 26.3 percent, respectively.

The construction delays resulting from supply chain and labor issues frequently cited by the National Association of Home Builders (NAHB) may be manifesting itself in the number of homes completed. Those numbers were down 4.5 percent from February and 13.0 percent from the prior March to a rate of 1,303 million units. Completions of single-family homes fell 6.4 percent and 3.3 percent, respectively. There were 291,700 homes finished during the first three months of this year, 5.5 percent fewer than during the same timeframe. Single-family completions lag by 0.8 percent and multi-family by 20.3 percent.

NAHB chief economist Robert Dietz says construction volume may also be playing a role here as well. He writes, “As an indicator of the economic impact of housing and as a result of accelerating permits and starts in recent quarters, there are now 811,000 single-family homes under construction. **This is 27 percent higher than a year ago.** There are currently 811,000 apartments under construction, up 21 percent from a year ago. Total housing units now under construction (single-family and multifamily combined) is 24 percent higher than a year ago. The number of units under construction is rising on both the total volume of construction, as well as longer construction times.”

Dietz also notes the two-point decline in NAHB’s index of building confidence this month due to concerns over delivery delays, price increases and the sharp rise in interest rates since the first of the year. Consequently, he says, “the market has likely reached an inflection point whereby a new volume trend based on current affordability conditions must be found. This will mean a shift lower for single-family demand and a step up in demand for apartment construction.”

Builders in the Northeast had another strong month. Permits were up 11.1 percent from February and 22.6 percent on an annual basis. Housing starts soared 110.8 percent and are running 77.6 percent higher year-over-year.

The **Midwest** also saw an uptick in permitting, 2.8 percent for the month and 2.0 percent for the year, but housing starts fell 2.9 percent and 19.4 percent for the two periods.

Permitting was unchanged from February in the **South** but grew 5.6 percent year-over-year. Housing starts were down 17.2 percent and had a 6.4 percent deficit from the rate in March 2021.

There was a 3.5 percent decline in permits compared to the prior month in the **West**, but the rate was up 6.2 percent on an annual basis. Starts rose 7.7 percent for the month and 13.9 percent for the year.