



Housing Starts See Double Digit Gains

Residential construction numbers were mixed in August. Home builders apparently worked on **drawing down their backlogs of permits rather than seeking new ones while construction starts soared.**

The U.S. Census Bureau and Department of Housing and Urban Development report that permits were issued at a seasonally adjusted annual rate of 1.517 million compared to a rate of 1.685 million in July, a decline of 10.0 percent month-over-month and 14.4 percent below the August 2021 rate. Single family permits decreased from 932,000 to 899,000, a 3.5 percent decline, and multifamily permits dropped 18.5 percent to 571,000. Single family permitting is now 15.3 percent off the prior August pace and multifamily permitting is down 14.5 percent.

There were 136,400 permits issued during the month, up from 134,400 in July. Single family permits totaled 80,900 compared to 75,600 the previous month.

So far this year (YTD) there have been 1.176 construction permits issued, nearly identical to the number at the same point in 2021. Single family permits are down 6.6 percent to 726,700 while permits for units in buildings with five or more have increased by 14.4 percent to 413,900.



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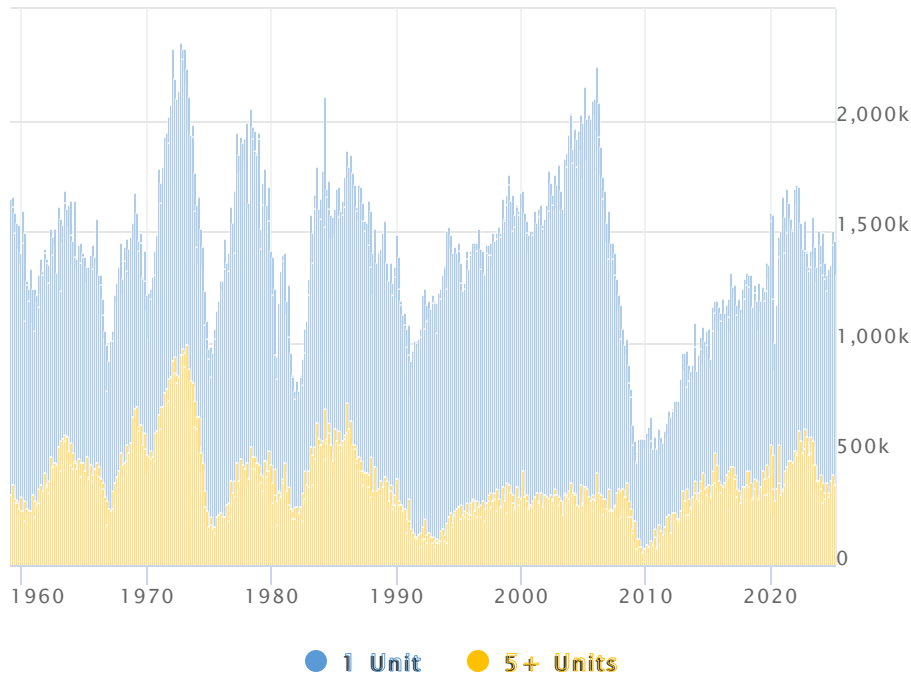
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Housing starts jumped 12.2 percent in August from a downwardly adjusted 1.404 million to 1.575 million in August. This is nearly identical to the rate of starts in August 2021. Single-family starts rose 3.4 percent to 935,000 but remain 14.6 percent below the 1.095 million rate of starts a year earlier. Multifamily starts increased by 28.6 percent and 31.0 percent from the two earlier time periods.

Housing Starts By Structure



Analysts from *Econoday* had expected permits to come in at an annual rate of 1.440 million while those at *Trading Economics* had a slightly higher consensus of 1.445 million. Both had a forecast of 1.61 million for housing starts.

The unadjusted number of housing starts rose from 126,100 in July to 140,500 in August with single-family starts essentially unchanged at 83,100. YTD starts are up 2.7 percent at 1.106 million, but single-family starts are 4.0 percent lower than last year at 736,800. Multifamily starts in the first 8 months of the year are 18.6 percent higher at 357,500.

Residential units were completed at a seasonally adjusted rate of 1.342 million. This as **down 5.4 percent from August but 3.1 percent higher on an annual basis**. Single-family completions rose 0.4 percent and 6.5 percent respectively, while multi-family completions dropped 20.7 percent and 6.7 percent.

In the first eight months of 2022 there have been 894,300 residential units completed, up 0.7 percent from the same point in 2021. Single-family completions have risen 4.8 percent while those in multi-unit buildings are down 9.9 percent.

At the end of the reporting period there were 1.702 million units of housing under construction, 812,000 of which were single-family residences. In addition, there were 290,000 permits awaiting construction including 143,000 for single family houses. These are declines of 2.7 percent and 3.4 percent from the July numbers.

Permitting in the **Northeast** region was 15.2 percent lower in August than in July and 13.7 percent behind the prior August's rate. Housing starts fell 17.3 percent and 2.4 percent from the earlier figures.

In the **Midwest** there were 6.5 percent fewer permits than the prior month and 8.6 percent fewer year-over-year but starts rose by 19.3 percent from July. They remained 14.8 percent below the prior year's rate.

There was a 13.5 percent drop in the rate of permitting in the **South** compared to July and 15.4 percent less than in August 2021. Construction starts soared 24.5 percent for the month but were down fractionally year-over-year.

Permitting slowed from July by 1.1 percent in the **West** and was down 15.3 percent on an annual basis. Starts moved 1.1 percent higher compared to July and rose 10.7 percent from the pace in August 2021.