



## Housing Starts Fell From Last Month's Surprisingly Fast Pace

The rate of both construction permitting and housing starts retreated from their May levels last month. The significant increase in estimated starts from April to May was also revised lower.

The U.S. Census Bureau and Department of Housing and Urban Development report that housing starts in June were at a seasonally adjusted rate of 1.434 million units. This is an 8.0 percent decline from the rate of 1.559 posted for May, a revision from the original estimate of 1.631 million. The pace of housing starts is now 8.1 percent lower than in June 2022.

Single family declined 7.0 percent from the May rate of 1.005 million units to 935,000 units and starts in buildings with five or more units declined 11.6 percent to 482,000. Single-family starts were 7.4 percent and multifamily starts 11.2 percent below year-earlier rates.

On an unadjusted basis, the number of starts during the month is estimated at 133,800 compared to 143,500 the prior month. Single-family starts were essentially unchanged at just over 90,000 units.

Residential permits were issued at a seasonally adjusted rate of 1.440 million units, a 3.7 percent decrease from the May estimate of 1.496 units and 15.3 percent off the pace in May 2022. Single-family permits rose 2.2 percent to 922,000, 2.7 percent fewer year-over-year.

The 467,000 annual rate of permitting for multifamily construction was down 13.5 percent for the month and 33.1 percent on an annual basis.

Before seasonal adjustment, there were 135,500 permits issued in June, 90,800 of them for single-family houses. The respective May numbers were 139,600 and 88,900.

Forecasts for June were close to the actual number for starts but overshoot the target for permits. Analysts polled by Econoday had a consensus of 1.480 million starts and 1.483 million permits.

There were 127,800 residential units completed in June including 84,500 single-family homes with little change month-over-month for either number. For the year to date (YTD), completions numbered 699,600, 7.8 percent more than the same period last year. Single-family completions are down 1.2 percent to 482,000 and multifamily completions have risen 35.7 percent to 212,400 units.

So far in 2023, there have been 713,800 construction starts, 449,700 of them single-family houses. During the first six months of 2022, the respective numbers were 839,500 and 570,100. Multifamily starts are down 1.3 percent to 257,200 units.

Permitting dropped across the board during the first half of the year. Total permits are down 19.2 percent, single-family permits 21.5 percent, and multifamily 16.6 percent.

At the end of the reporting period, there were 1.682 million units under construction including 688,000 single-family and 977,000 multifamily units. In addition, there are 281,000 as yet unused permits, almost evenly distributed between single-and multifamily units.



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Permitting fell 24.4 percent from May and 30.0 percent from the prior June in the Northeast. Starts were down by 2.1 percent and 25.2 percent.

The Midwest saw an increase of 5.9 percent in permitting for the month, but a decline of 2.0 percent year-over-year. Starts fell 33.1 percent compared to May and were down 21.0 percent on an annual basis.

In the South, permitting fell 2.6 percent and 13.8 percent from the two earlier periods. Starts were also lower, by 4.4 percent and 3.2 percent.

Permits declined 4.0 percent for the month in the West and 20.00 from the prior June and starts fell 1.2 and 6.6 percent respectively.