

## Mixed Signals in New Home Construction Data

The Census Bureau's New Residential Construction report held few surprises for the month of September despite some mixed signals. Building permits, which often foreshadow future construction activity, declined to an annualized rate of 1,428,000.

While this technically signals some cooling in new construction potential, it wasn't much more of a drop than investors expected. Moreover, there has been a gradual cooling trend intact for more than 2 years. That's not as ominous as it sounds considering construction activity is still higher than it was in mid-2019.

Housing starts, which measure groundbreakings for new home construction, actually came in just slightly higher than forecasts, barely declining month-over-month. Here too, there is a general cooling trend over the past few years, but a flatter trend over the past few months.

Housing completions are a different story. They never experienced the same correction as starts and permits. They may have dropped from last month's high (highest level since 2007), but completions have been in a decisive uptrend since the middle of 2023 and a broad uptrend since 2011.



Here's the bigger-picture context for construction:



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