

# U.S. Flash

## Housing starts & permits rise to highest level since recession

- **Housing starts jumped 15% in September to the highest level since August 2008**
- **Building permits increased 11.6%, signaling an optimistic future**

September figures released for housing starts and building permits convey strong optimism and implied growth for the housing market as levels reach the highest point since the end of the recession. Housing starts increased 15.0% while building permits rose 11.6%, the fastest month-over-month pace since December 2010 and illustrating a hopeful demand by contractors and home constructors for consumer interest in eventual properties. The third quarter has been a large force behind housing market sanguinity: new and existing home sales have grown, the number of vacant homes has decreased, and the average length of time to complete construction on new homes has also fallen. All of the data point to a more fertile housing sector with gradual long-term growth expected as newly constructed houses fill with homebuyers, with rising prices helping to boost homeowner confidence and stimulate additional activity. On the whole, housing seems to be a driver for economic optimism, and there is reason to hope that consumers, requiring appliances and household products, might reach further outside of their recent comfort zones and continue to spend. However, we do not expect that housing will gain enough steam to lead the recovery on its own, but rather supplement the economic growth generated by manufacturing and other consumer activity.

Kim Fraser  
[kim.fraser@bbvacompass.com](mailto:kim.fraser@bbvacompass.com)  
+1 713 831 7342

Alejandro Vargas  
[alejandro.vargas@bbvacompass.com](mailto:alejandro.vargas@bbvacompass.com)  
+1 713 831 7348

### DISCLAIMER

This document was prepared by Banco Bilbao Vizcaya Argentaria's (BBVA) BBVA Research U.S. on behalf of itself and its affiliated companies (each BBVA Group Company) for distribution in the United States and the rest of the world and is provided for information purposes only. Within the US, BBVA operates primarily through its subsidiary Compass Bank. The information, opinions, estimates and forecasts contained herein refer to the specific date and are subject to changes without notice due to market fluctuations. The information, opinions, estimates and forecasts contained in this document have been gathered or obtained from public sources, believed to be correct by the Company concerning their accuracy, completeness, and/or correctness. This document is not an offer to sell or a solicitation to acquire or dispose of an interest in securities.