

U.S. Housing Flash

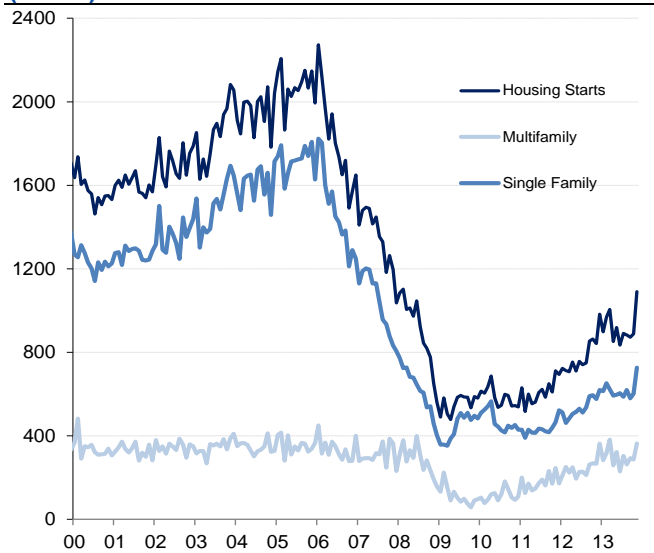
Housing Starts Soar to Highest Level Since February 2008

- Housing starts jumped 22.7% in November due to a surge in single-family homes
- Building permits fell 3.1%, fueled by a decline in the multi-family component

Housing starts saw a significant boost in November, rising 22.7% following a 1.8% increase in October. New home construction jumped to the highest level of the post-recession period at 1.09M, an encouraging sign that the housing market is steadily recovering. Both single-family and multi-unit starts increased, up 20.8% and 26.8%, respectively. The regional outlook, however, shows that the housing recovery is not universal across the entire United States, as growth is only occurring in specific regions. The Midwest and South regions saw the largest increases in November, rising 41.7% and 38.5%, respectively. On the other hand, the Northeast experienced a 29.4% decline, while the West grew at a modest 8.8%. On a brighter note, all four regions have seen at least 20% year over year growth, an indication that the housing market has picked up tremendously since 2012 across the entire country.

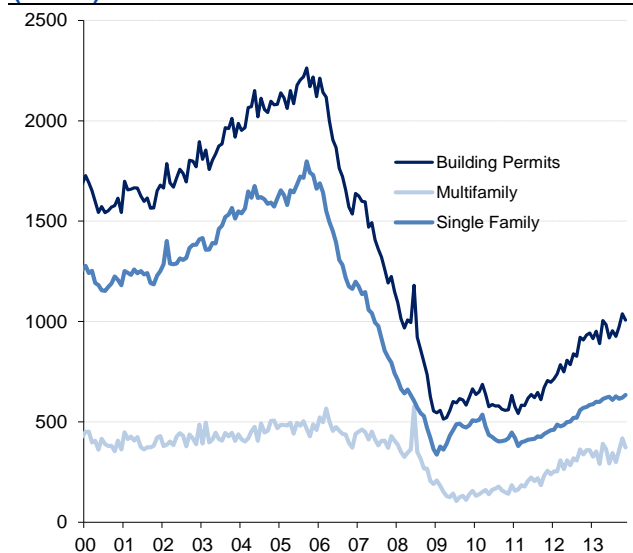
Switching to building permits, housing units authorized actually declined in November after experiencing back-to-back increases in September and October. Multifamily housing permits declined in November, plummeting 10.8% after September and October both saw double-digit increases. Single family units fared significantly better, however, rising 2.1% in November. The fact that building permits fell sharply this month might be a signal that future housing starts may be lower over the coming months. Still, the largest increase in multifamily and single family housing since February 2008 is a positive signal for the housing market's continued recovery. Even with rising mortgage rates and home prices hurting affordability in the short-term, we expect that housing activity will continue to support the ongoing economic recovery in the U.S.

Chart 1
Housing Starts, Single and Multifamily Structures (Thous)



Source: US Census Bureau & BBVA Research

Chart 2
Building Permits, Single and Multifamily Structures (Thous)



Source: US Census Bureau & BBVA Research

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