

Housing Continues Its Rapid Ascent Despite Exploding Lumber Prices

Monthly Housing Starts Leap Again

The U.S. Census Bureau and the U.S. Department of Housing and Urban Development compile new residential construction statistics every month and separate the data by Building Permits, Housing Starts and Housing Completions.

While each of those data sets is important to understanding the housing sector, Housing Starts is one of the most closely watched reports because it reflects a very direct commitment by a builder to build.

Think of it this way: as a general rule, home builders don't start building a house unless they can sell it shortly before or upon its completion. And once a local home builder is confident enough to start building, local employment goes up and money is pumped back into the local economy as landscaping is purchased, furniture is bought, appliances are installed, and people are put to work.

Now multiply that effect hundreds of thousands of times across the country and you can see the impact that housing has on our economy.

Here is what was reported on Tuesday, October 20th:

- **Building Permits:** Privately-owned housing units authorized by building permits in September were up 5.2% above the August rate and 8.1% above the September 2019 rate
- **Housing Starts:** Privately-owned housing starts in September were up 1.9% above the August rate and 11.1% above the September 2019 rate
- **Housing Completions:** Privately-owned housing completions in September were up 15.3% above the revised August rate and 25.8% above the September 2019 rate
- Single-family starts showed continued growth in September as overall housing production increased to a seasonally adjusted annual rate of 1.42 million units
- The September reading of 1.42 million starts is the number of housing units builders would begin if they kept this pace for the next 12 months

Within this overall number, single-family starts increased 8.5% to 1.11 million, which is the highest pace of single-family starts since June 2007.

On a regional and year-to-date basis (January through September of 2020 compared to that same time frame a year ago), the NAHB reported that combined single-family and multifamily starts are:

- 11.0% higher in the Midwest;
- 5.7% higher in the South;
- 4.5% higher in the West; and
- 1.4% lower in the Northeast.

Despite Lumber Prices Exploding

Since mid-April, lumber prices have exploded nearly 120%, but are off 20% from their September peak, putting huge pressures on homeowners and builders alike.



More Data Later This Week

More economic data will be released later this week, including Jobless Claims and Existing Home Sales on Thursday.

Sources: cmegroup.com; census.gov