

US Housing Starts Give Back Prior Rise

Housing starts, seasonally adjusted and annualized rates, March, 000s:

Actual: 1215

Scotia: 1270

Consensus: 1250

Prior: 1303 (revised up from 1288)

- Housing starts were slightly lower than expected on net but not by much. A 6.8% m/m decline in March was twice what consensus expected, but the prior month was revised up to a 5% m/m gain from the initially reported 3% rise.
- Both single family (-6.2% m/m) and multifamily (-7.9%) residences explained the decline in March but only the single family category was up the prior month (+7.6%).
- For the quarter as a whole, housing starts were up by only 1.6% q/q at a seasonally adjusted and annualized pace. Singles were up 1% and multistarts were up 2.9%. This follows a 41% q/q annualized gain in Q4 over Q3. Thus, Q1 held onto the rise in home construction activity that was registered in Q4 but didn't materially build upon it. That fits the picture of cooler Q1 growth.
- Only the northeast was higher (+12.9% m/m). The Midwest fell 16.2%, the south was down 2.9% and the west Census region fell 16%. With the exception of the Midwest where singles fell 35%, the rest of the country saw weakness concentrated in multistarts.
- Building permits provided a little more cause for optimism. After a 6% m/m decline in February, they rose 3.6% in March which was ever so slightly higher than consensus expectations.

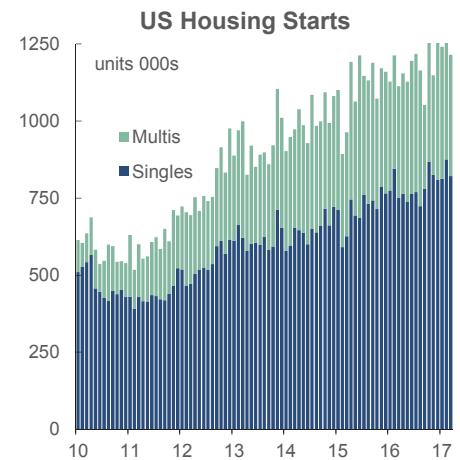
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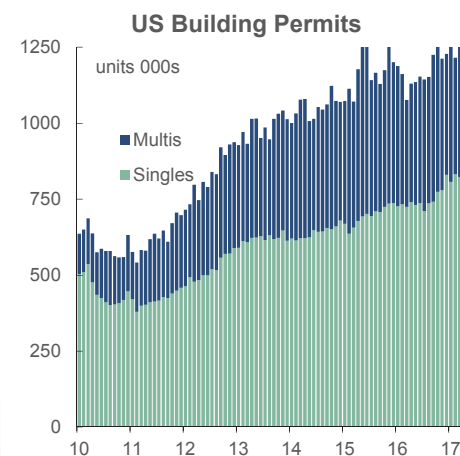
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Source: US Census Bureau,
Scotiabank Economics.



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