

## U.S. Housing Starts, Permits, and Completions All Dropped in January, With Multifamily the Big Drag

- **Housing starts dropped 14.8% in January, with declines in all four regions.**
- **There was a big drop in multifamily starts in January.**
- **Residential construction permits fell in January; single-family permits were up, but multifamily permits fell.**
- **PNC expects single-family homebuilding to rebound with easing mortgage rates in 2024.**

Total privately-owned U.S. housing starts in January dropped 14.8% to 1.331 million annualized units from 1.562 million in December 2023 (revised upward from 1.460 million), worse than the consensus expectation of 1.460 million.

Single-family housing starts dropped 4.7% to 1.004 million annualized units. Multifamily starts (apartments and condominiums), which are more volatile, fell 35% over the month. Multifamily construction has been falling since mid-2023 due to higher interest rates and the market struggling to absorb a surge in supply post-pandemic.

Total housing starts dropped in all four regions, with the largest decrease in the Midwest, down 30%.

On a year-over-year basis overall housing starts were down 0.7%, although single-family starts were up 22%. Multifamily starts were down 37% over the year. Total starts were down over the year in the Northeast (18.8%) and the South (4.2%), but were up in the Midwest (10.9%) and the West (11.4%).

The number of residential construction permits dropped 1.5% to 1.470 million at a seasonally-adjusted annual rate from 1.493 million in December. Single-family housing permits were still up 1.6% on the month and 35.7% over the last year. The month-over-month loss came from multi-family permits, specifically 5 units or more, decreasing 9% from December 2023. A big drop in permits in the South offset smaller gains in the other three regions.

Total housing completions decreased 8.1% in January but rose 2.8% from a year earlier.

Homebuilder confidence in February experienced its third consecutive rise, after falling through most of the second half of last year. The 30-year fixed mortgage rate, though up from January, is still below its peak of close to 8% last year. PNC expects mortgage rates to drop modestly in 2024, supporting housing demand and single-family construction. Multifamily building will remain soft in the near term as the market absorbs the big increase in supply that has come online over the past couple of years. Over the longer run multifamily building will be solid, however, as single-family construction has not kept up with population growth over the last 15 years.

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