



## UNITED STATES

### Housing starts show strong rebound

#### HIGHLIGHTS

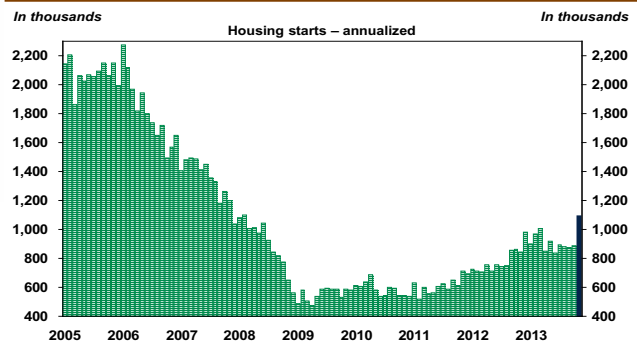
- Housing starts are at their highest level since February 2008, surging from an annualized volume of 889,000 in October to 1,091,000 in November. This 22.7% jump follows a 1.8% increase in the previous month.
- November's monthly growth was driven by both single-family homes (+20.8%) and multi-unit housing (+26.0%).
- Housing starts dropped in the northeastern United States, but grew strongly in the Midwest as well as in the southern and western parts of the country.
- Building permits fell 3.1%, down to 1,007,000 units from 1,039,000 units.

#### COMMENTS

It has been three months since data on housing starts have been released; October's budget impasse caused the survey to be delayed. The last data we have was for August, then estimated at 891,000 units. The mass release of housing starts data for the last few months doesn't change anything, except for November. The numbers for August were revised downward to 883,000. Housing starts then slipped to 873,000 in September, rebounding somewhat to 889,000 in October. Until last month, the volume of housing starts appeared relatively stable, even disappointing given the lack of real progress. This reflected the weakness of other housing market indicators, which were all affected by mortgage rates rising between April and September.

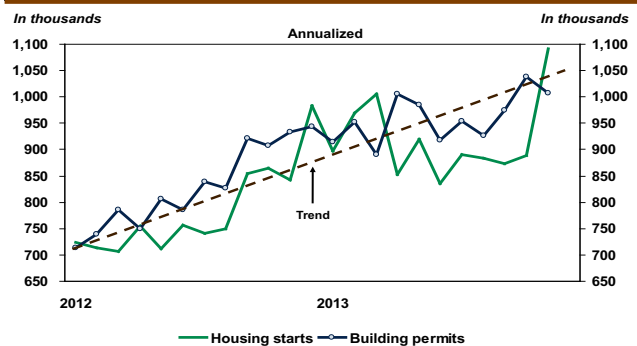
November's results are the most striking. Housing starts were a stunning 1,091,000, compared with the most recent numbers for building permits, which peaked at only 1,039,000 in October. It therefore seems that November is playing catch up after a pause in new construction, even though permits had already been issued. Housing starts could continue to outpace permits for another few months, but sooner or later the two will meet, triggering a lull in housing starts. A slower uptrend should then set in.

Housing starts at highest level since winter 2008



Sources: U.S. Census Bureau and Desjardins, Economic Studies

After months of softness, housing starts recover lost ground in one month



Sources: U.S. Census Bureau and Desjardins, Economic Studies

**Implications:** After months of stagnation, housing starts jumped in November and recovered some lost ground. This growth should fuel real GDP growth in the final quarter of the year. More modest gains can be expected in 2014.

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