

## February 2019 Housing Starts, Jan. HPI, March Consumer Confidence

### *Housing Indicators Still Soft. Lower Rates Versus Lower Confidence.*

- Housing Starts fell by 8.7 percent in February, to a 1,162,000 unit annual rate.
- Housing Permits notched down by 1.6 percent in February to a 1,296,000 unit annual rate.
- The Case-Shiller U.S. National Home Price Index for January was up by 4.3 percent over the year.
- Consumer Confidence declined in March according to The Conference Board.

After spiking in January, single-family housing starts reset in February, pulling the headline number down. Total housing starts fell by 8.7 percent in February to a 1,162,000 unit annual rate. Single-family starts fell by 17.0 percent in February, to an 805,000 unit annual rate, after increasing by 19.2 percent in January. Multifamily starts went the other way, increasing by 17.8 percent in February. Both series show no momentum through the winter months. Total permits for new residential construction eased by 1.6 percent in February. Single-family permits were unchanged from January, while multi-family permits dropped slightly. Lower mortgage rates this spring are expected to support home sales, which in turn will support new construction. However, at least part of the reason for lower mortgage rates this spring is reduced expectations for the U.S. economy in 2019. So this phenomenon is a two-edged sword for housing. As long as labor markets remain solid and consumer confidence remains elevated, the housing sector will benefit from lower rates. Unfortunately, consumer confidence looks a little shaky.

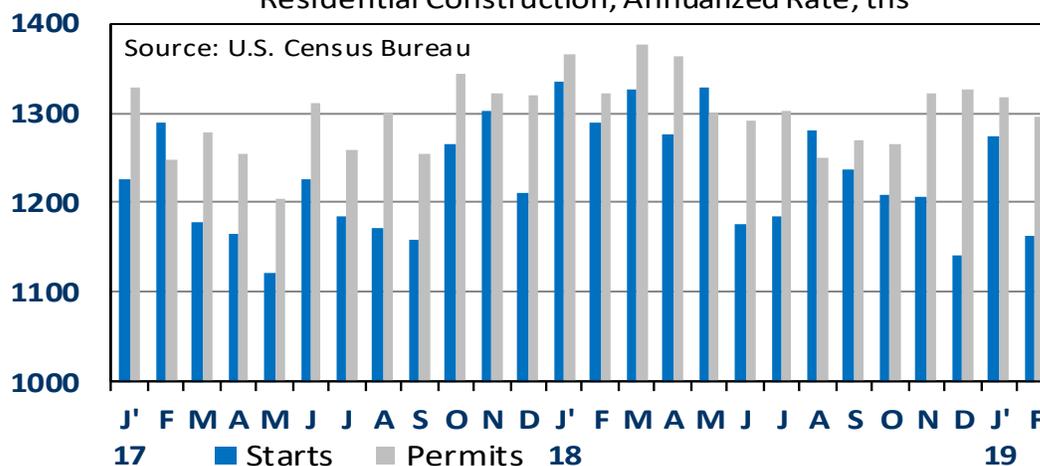
The Case-Shiller U.S. National Home Price Index increased by 0.2 percent in January, seasonally adjusted, bringing the 12-month gain down to 4.3 percent, after registering a 4.6 percent year-over-year gain in December. Momentum in house price growth is clearly easing across most U.S. cities. Las Vegas stands out, still showing a strong 10.5 percent year-over-year gain in January. But previously hot San Diego is down to a 1.3 percent year-over-year increase, and San Francisco is down to 1.8 percent.

The Conference Board's Consumer Confidence Index fell noticeably in March. The level of the index is still good, but the direction is troubling. The index has been on a see-saw path, declining through December and January before rebounding in February. Both the assessment of current conditions and expectations for the future dipped in March.

**Market Reaction:** Stock indexes opened with gains. The yield on 10-year Treasury bonds is up to 2.43 percent. NYMEX crude oil is up to \$60.06/barrel. Natural gas futures are down to \$2.76/mmbtu.

## No Momentum in House Construction

Residential Construction, Annualized Rate, ths



To subscribe to our publications or for questions, contact us at [ComericaEcon@comerica.com](mailto:ComericaEcon@comerica.com). Archives are available at <http://www.comerica.com/insights>. Follow us on Twitter: @Comerica\_Econ