Yesterday, we reported separately on the latest residential building permits and housing starts in the government's monthly report, courtesy of the Census Bureau and the Department of Housing and Urban Development. Despite the fact that both are monthly SAAR series (seasonally adjusted annualized rate), they are exceptionally volatile and subject to extensive revisions. Thus it is unwise to assign much credibility to a single month.

Over the long haul, however, the two offer a compelling study of trends in residential real estate, especially when we adjust the Permits and Starts for population growth. Here is an overlay of the two series since the 1959 inception of the Starts data and the 1960 inception of the Permits data. The monthly data points are preserved as faint dots. The trends are illustrated with 6-month moving averages of data divided by the Census Bureau's mid-month population estimates.
Here is a closer look at the overlay since 1990.

The seasonally adjusted annual rates for the monthly data are divided by the Census Bureau’s mid-month population estimates.
About that volatility...

The extreme volatility of these indicators is the rationale for paying more attention to the 6-month moving average than to its noisy monthly change.

Over the complete data series, the Starts absolute MoM average percent change is 6.3%. The MoM range minimum is -26.4% and the maximum is 29.3%.

Permits are slightly less volatile with an absolute MoM average percent change of 4.4%. The MoM range minimum is -24.0% and the maximum is 33.9%.

For additional perspectives on residential real estate, here is the complete list of our monthly updates:

- S&P/Case-Shiller Home Price Index
- FHFA House Price Index
- NAHB Housing Market Index
- New Home Sales
- Existing Home Sales
- New Residential Housing Starts
- New Residential Building Permits
- Secular Trends in Permits and Starts
- Pending Home Sales