

# May 2020



## Trends Report

ITR Economics

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# Core

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## US Multi-Unit Housing Starts

Thousands of Units, NSA

### HIGHLIGHTS

- New data revealed the second-steepest February-to-March decline in the 62-year data history
- We revised our outlook due to the economic effects of COVID-19
- We expect the Starts 12MMT to decline about 30% from the recent peak to the upcoming mid-2021 low

### FORECAST

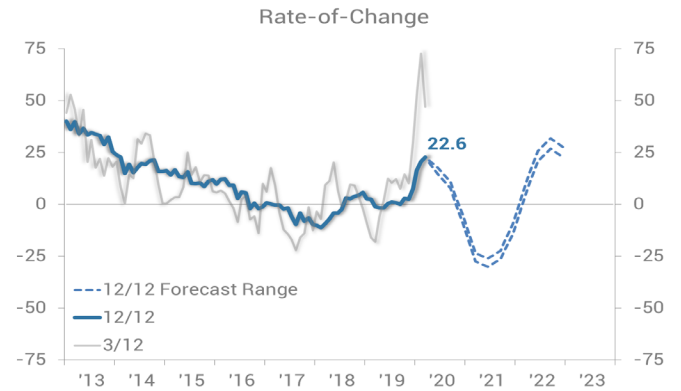
	12/12	12MMT
2020:	-7.2%	373.2
2021:	-12.0%	328.5
2022:	25.1%	410.9

### OVERVIEW

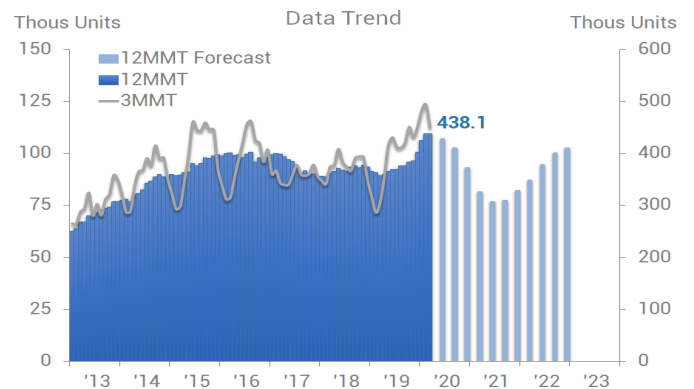
While the 12MMT was 2.2% above the forecast range, monthly US Multi-Unit Housing Starts ticked down in March to 28,400 units, coming in 0.4% below the March 2019 level. This is the second-steepest February-to-March decline in the 62-year data history. Trends in new car sales and the labor market point to a weakened US consumer. As some consumers are unable to make rent, builders will take note of the risk, hindering Starts. We lowered the forecast by 7.7% for 2020, 18.3% for 2021, and 1.5% for 2022 due to the economic impact of COVID-19.

The Starts 12MMT will decline through mid-2021. At the trough, we expect annual Starts to be approximately 30% below the February 2020 peak. Macroeconomic rise and the underlying shortage of affordable housing will support rise in Starts in the second half of 2021 and throughout 2022. We expect that Starts will be about 6% below the February 2020 peak by year-end 2022.

### RATE-OF-CHANGE



### DATA TREND



### LINKS

[Ask an Analyst](#)

[Data Methodology](#)



#### ITR MANAGEMENT OBJECTIVE

Consider cutting expenses, reducing headcount, or instituting a pay freeze to conserve cash during the upcoming downturn in Starts.

## US Private Office Construction

Billions of Dollars, NSA

### HIGHLIGHTS

- Construction in the 12 months through February was up 4.7% year over year
- Expect an imminent 12MMT peak followed by decline into late 2021
- A 2021 US economic recovery won't manifest in Construction until 2022

### FORECAST

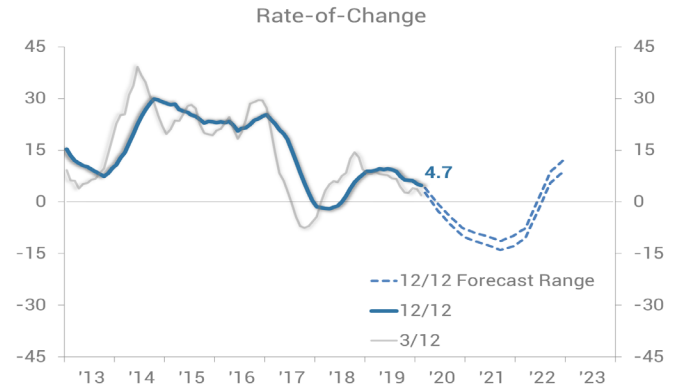
	12/12	12MMT
2020:	-8.8%	\$62.5
2021:	-11.4%	\$55.4
2022:	10.4%	\$61.1

### OVERVIEW

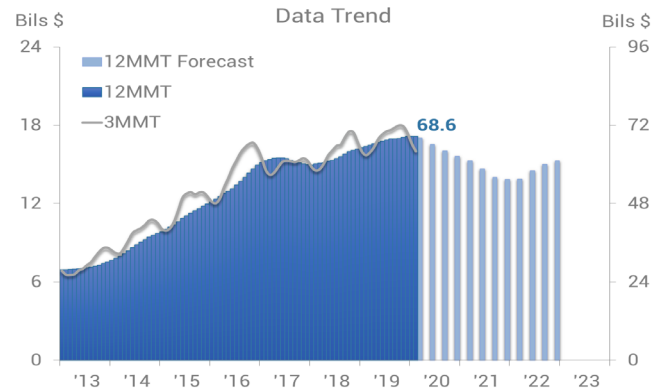
US Private Office Construction in the 12 months through February was up 4.7% from a year ago. The Construction 12MMT will peak imminently, then decline into late 2021. Spending will subsequently rise through at least 2022.

Many US companies' offices are shut down as the country battles COVID-19. We may see a movement toward a larger proportion of remote workers in the coming years, which could depress demand for office space. More immediately, cash flow constraints suggest that investment in the construction of new offices will be negatively impacted this year and into next. US Real GDP is expected to rise during 2021. The Office Construction market typically lags the economy by about one year. Many companies will be regaining their footing in 2021; Construction may not benefit from that upward momentum until 2022.

### RATE-OF-CHANGE



### DATA TREND



### LINKS

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[Data Methodology](#)



#### ITR MANAGEMENT OBJECTIVE

Stay on top of aging receivables as this market traverses the back side of the business cycle into the second half of 2021.

# Manufacturing

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