



Macroeconomic Indicators

Building Permits

Definition

A building permit is the approval given by a local jurisdiction to proceed on a construction project. Building permits data are collected through the Building Permits Survey. The purpose of the Building Permits Survey is to provide national, state, and local statistics on the number and valuation of new privately-owned housing units (single and multi-family) authorized by building permits in the United States.

Who Releases the Indicator?

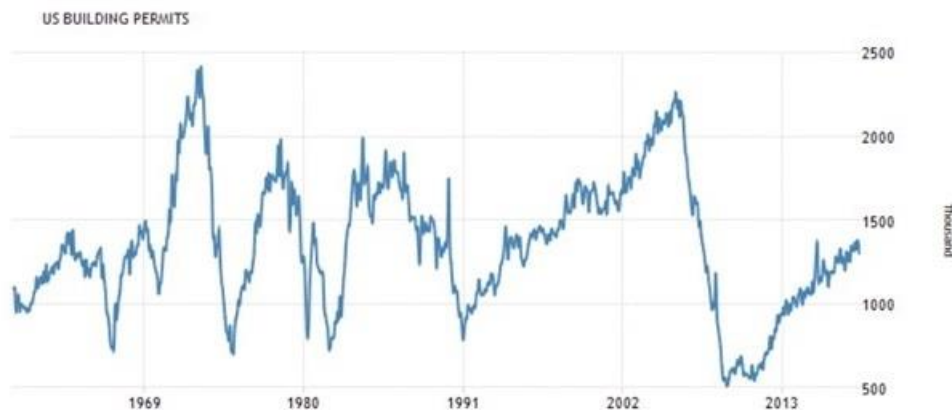
U.S. Census Bureau

Available to the public: <https://www.census.gov/construction/nrc/pdf/newresconst.pdf>.

What Does the Indicator Tell Investors?

Together with housing starts, the number of building permits issued is a key indicator of demand in the housing market. Changes in the demand in the housing market are a good gauge of the state of the economy and the economic trend. Furthermore, the housing market has a multiplier effect for the economy, as home buyers will also need furniture, appliances, and services, such as landscaping when they are purchasing a home. A strong housing market often goes hand in hand with a bullish stock market. Rising interest rates may provide headwind to the housing market, making housing less affordable.

The chart below shows the number of building permits in the U.S. since the 1960s. The number of building permits since the end of the Great Recession has recovered to some extent but has not reached levels reached after previous recessions.



Source: Tradingeconomics.com; U.S. Census Bureau



Type of Indicator

The number of building permits is a leading economic indicator.

How Often Is the Indicator Released?

Once a month, in the third week of the month, using data from the previous month.

Is the Indicator Revised?

Yes.