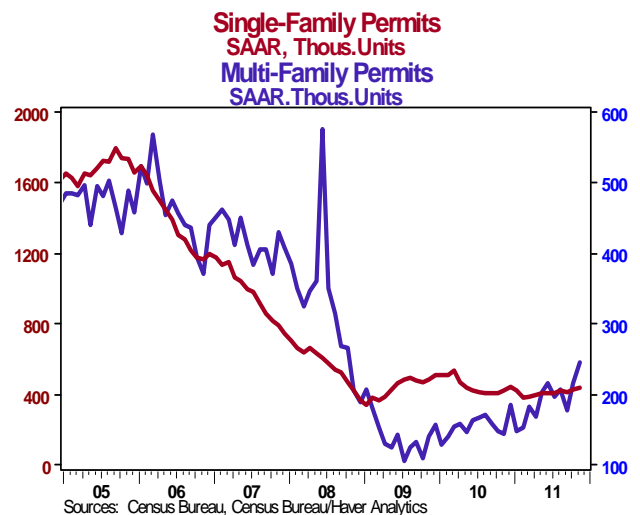
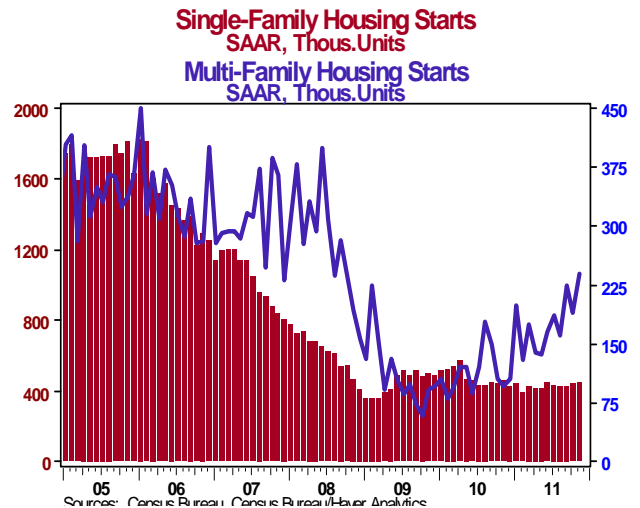


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## November Housing Starts

- Housing starts increased 9.3% in November to 685,000 units at an annual rate, blowing away the consensus expected pace of 635,000. Starts are up 24.3% versus a year ago.
- The large gain in starts in November was mostly due to multi-family units, which are extremely volatile from month to month. Single-family starts also rose 2.3%. Multi-family starts are up 145.4% from a year ago while single-family starts are down 1.5%.
- Starts rose in all regions of the country, except the Midwest.
- New building permits increased 5.7% in November to a 681,000 annual rate, coming in well above the consensus expected pace of 635,000. Compared to a year ago, permits for multi-unit homes are up 70.8% while permits for single-family units are up 3.6%.

**Implications:** Great news! The turning point in home building has clearly arrived. Homes were started at a 685,000 annual rate in November, while building permits hit a 681,000 annual rate. Both of these results easily beat consensus expectations and, except for one month affected by the homebuyer tax credit, are the fastest rates in three years. The gain in starts in November was mostly due to multi-family units, which soared 25.3%. These starts might fall back next month, but, given the general trend away from owner-occupancy and toward rental occupancy, multi-family should continue to generally trend higher. Meanwhile, single-family starts were also up in November and the six-month average for starts has been moving up. Except for the artificial homebuyer credit, this is the first consistent upward trend since the collapse of building activity started in early 2006. Gains in starts are beginning to filter through to the number of homes under construction, which have gone up three months in a row. This is a major break from the recent past. From 2006 through five months ago there had been no increases at all. Based on population growth and “scrappage,” home building must increase substantially over the next several years to avoid eventually running into shortages. For more on the housing market, please see our recent research report ([link](#)). In other good news this morning, last week’s (same-store) chain store sales were up 4.6% from a year ago according to the International Council of Shopping Centers and up 3.4% according to Redbook Research.



Housing Starts SAAR, thousands	Monthly % Ch.	Nov-11 Level	Oct-11 Level	Sep-11 Level	3-mth moving avg	6-mth moving avg	Yr to Yr % Change
<b>Housing Starts</b>	<b>9.3%</b>	685	627	646	653	629	24.3%
<b>Northeast</b>	<b>53.8%</b>	100	65	59	75	72	28.2%
<b>Midwest</b>	<b>-18.2%</b>	90	110	98	99	100	-16.7%
<b>South</b>	<b>4.1%</b>	332	319	327	326	312	24.3%
<b>West</b>	<b>22.6%</b>	163	133	162	153	144	66.3%
<b>Single-Unit Starts</b>	<b>2.3%</b>	447	437	422	435	435	-1.5%
<b>Multi-Unit Starts</b>	<b>25.3%</b>	238	190	224	217	194	145.4%
<b>Building Permits</b>	<b>5.7%</b>	681	644	589	638	626	20.7%
<b>Single-Unit Permits</b>	<b>1.6%</b>	435	428	413	425	417	3.6%

Source: U.S. Census Bureau