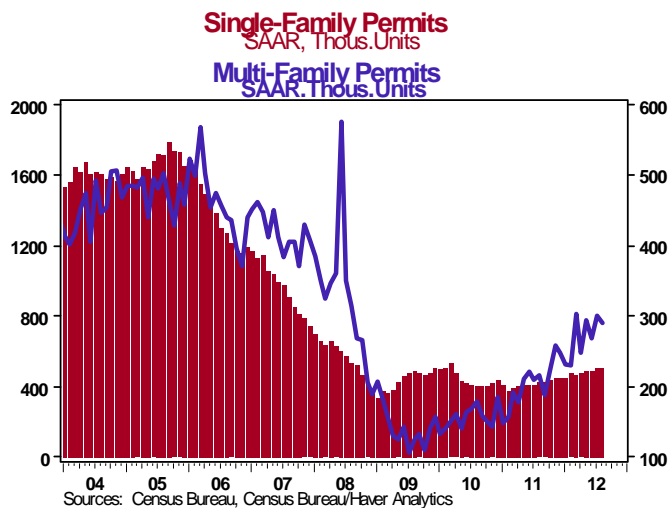
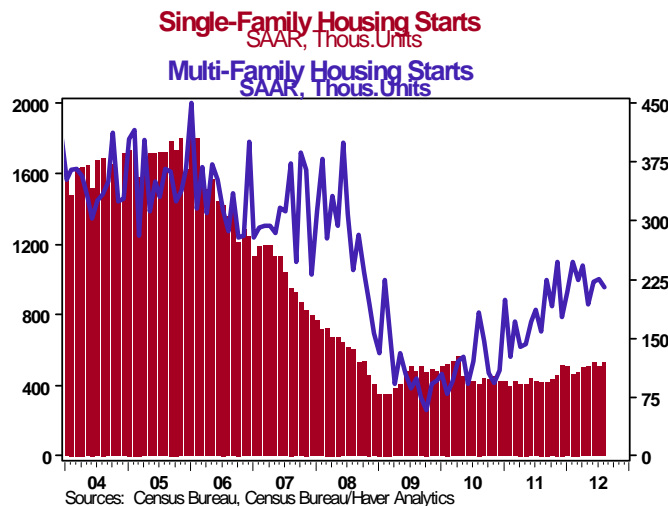


August Housing Starts

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- Housing starts rose 2.3% in August to 750,000 units at an annual rate, coming in below the 767,000 rate the consensus expected. Starts are up 29.1% versus a year ago.
- The rise in starts in August was all due to a 5.5% increase in single-family homes. Multi-family units declined 4.9%. Single-family starts are up 26.8% from a year ago, while multi-family starts are up 35.2%.
- Starts rose in the Midwest and South, but fell in the Northeast and West.
- New building permits fell 1.0% in August to an 803,000 annual rate, still beating the consensus expected pace of 796,000. Compared to a year ago, permits for single-unit homes are up 19.3% while permits for multi-family units are up 34.7%.



Implications: Home building continued to recover in August. Although housing starts came in less than the consensus expected, they were still up 2.3% in August and up 29.1% from a year ago. The gain in August was all due to a 5.5% rise in single-family starts; multi-family starts, which are very volatile from month to month and which increased rapidly earlier in the summer, declined 4.9%. As the top chart to the right shows, both single-family and multi-family housing starts are trending higher. Although permits to build homes fell 1% in August, they still beat consensus expectations and are up substantially in the past year, 19.3% for single-family homes and 34.7% for multi-family units. The total number of homes under construction (started, but not yet finished) increased for the 12th straight month, the first time this has happened since back during the building boom in 2003-2004. Based on population growth and “scrappage,” housing starts will eventually rise to about 1.5 million units per year (probably by 2016), which means the recovery in home building is still very young. Don’t expect a straight line recovery, there will be zigs and zags along the way, but the overall trend will continue to push higher. For a little more on housing, please see an interview this morning on Bloomberg TV [here](#).

Housing Starts SAAR, thousands	Monthly % Ch.	Aug-12 Level	Jul-12 Level	Jun-12 Level	3-mth moving avg	6-mth moving avg	Yr to Yr % Change
Housing Starts	2.3%	750	733	754	746	733	29.1%
Northeast	-12.6%	76	87	78	80	81	35.7%
Midwest	20.7%	134	111	98	114	115	55.8%
South	3.7%	364	351	366	360	366	22.1%
West	-4.3%	176	184	212	191	171	24.8%
Single-Unit Starts	5.5%	535	507	531	524	512	26.8%
Multi-Unit Starts	-4.9%	215	226	223	221	221	35.2%
Building Permits	-1.0%	803	811	760	791	775	24.5%
Single-Unit Permits	0.2%	512	511	491	505	491	19.3%

Source: U.S. Census Bureau