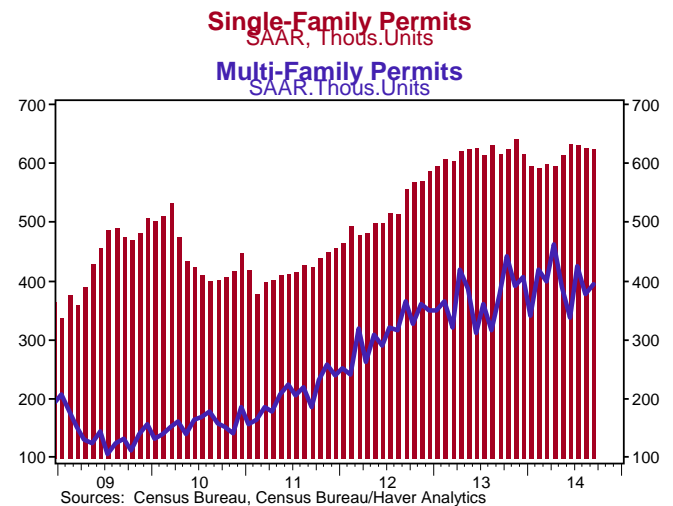
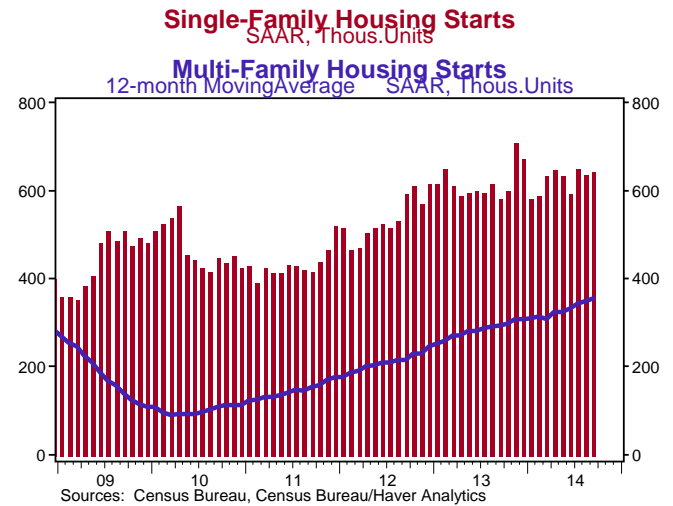


September Housing Starts

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- Housing starts rose 6.3% in September to a 1.017 million annual rate, coming in above the consensus expected 1.008 million annual rate. Starts are up 17.8% versus a year ago.
- The increase in starts in September was mostly due to a sharp 16.7% rise in multi-family units; single family starts rose 1.1%. In the past year, single-family starts are up 11.0% while multi-family starts are up 32.0%.
- Starts in September increased in all major regions of the country.
- New building permits rose 1.5% in September to a 1.018 million annual rate, coming in below the consensus expected 1.030 million. Compared to a year ago, permits for single-units are up 1.1% while permits for multi-family homes are up 4.8%.

Implications: Home building has been very volatile over the past few months but the underlying trend remains upward and we expect that to continue. Housing starts jumped 20.8% in July, then dropped 12.8% in August, and now rebounded 6.3% in September. Some look at this volatility as weakness. We don't. The 12-month moving average is now at the highest level since September 2008. The total number of homes under construction, (started, but not yet finished) increased 0.4% in September and are up 19.5% versus a year ago. No wonder residential construction jobs are up 129,000 in the past year. Multi-family construction is taking the clear lead in the housing recovery. Single-family starts have been in a tight range for the past two years, while the trend in multi-family units has been up steeply. In the past year, 36% of all housing starts have been for multi-unit buildings, the most since the mid-1980s, when the last wave of Baby Boomers was leaving college. From a direct GDP perspective, the construction of multi-family homes adds less, per unit, to the economy than single-family homes. However, home building is still a positive for real GDP growth and we expect that trend to continue. Based on population growth and "scrappage," housing starts will rise to about 1.5 million units per year over the next couple of years.



Housing Starts SAAR, thousands	Monthly % Ch.	Sep-14 Level	Aug-14 Level	Jul-14 Level	3-mth moving avg	6-mth moving avg	Yr to Yr % Change
Housing Starts	6.3%	1017	957	1098	1024	1005	17.8%
Northeast	5.3%	120	114	140	125	114	23.7%
Midwest	3.5%	176	170	163	170	177	8.6%
South	4.2%	491	471	528	497	486	16.9%
West	13.9%	230	202	267	233	228	25.0%
Single-Unit Starts	1.1%	646	639	652	646	636	11.0%
Multi-Unit Starts	16.7%	371	318	446	378	369	32.0%
Building Permits	1.5%	1018	1003	1057	1026	1019	2.5%
Single-Unit Permits	-0.5%	624	627	631	627	621	1.1%

Source: U.S. Census Bureau

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