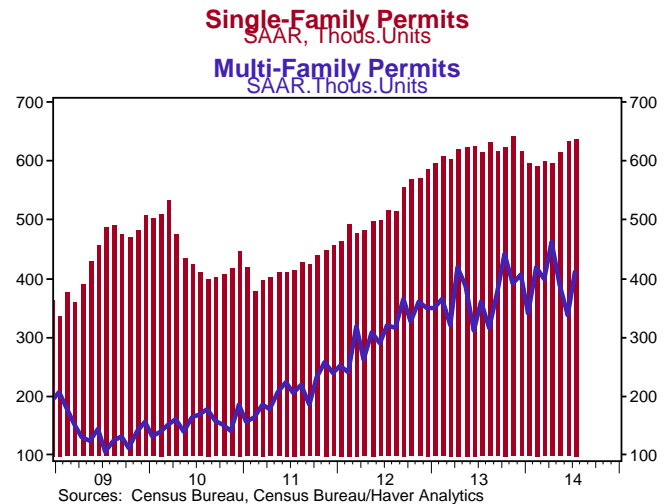
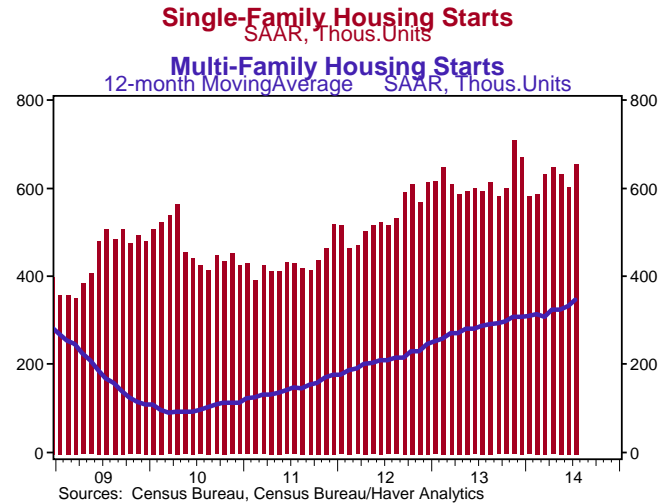


July Housing Starts

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- Housing starts surged 15.7% in July to a 1.093 million annual rate, coming in well above the consensus expected 0.965 million. Starts are up 21.7% versus a year ago.
- The increase in starts in July was due to strong gains in both single-family and multi-family units. In the past year, single-family starts are up 10.1% while multi-family starts are up 44.7%.
- Starts in July rose in the Northeast, South, and West, but fell in the Midwest.
- New building permits increased 8.1% in July to a 1.052 million annual rate, coming in above the consensus expected 1.000 million. Compared to a year ago, permits for single-units are up 3.9% while permits for multi-family homes are up 14.1%.

Implications: Great news on home building. Housing starts boomed in July, soaring 15.7%, and were revised up substantially for June. The upward trend should continue. Building permits also soared in July, up 8.1%, as single-family and multi-family permits rose 0.9% and 21.5% respectively. Starts can be volatile from month to month, so to find the underlying trend we look at the 12-month moving average, which now stands at the highest level since October 2008. The total number of homes under construction, (started, but not yet finished) increased 2.9% in July and are up 22.8% versus a year ago. No wonder residential construction jobs are up 116,000 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 (although volatile). In the past year, 35% 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 “scrapage,” housing starts will eventually rise to about 1.5 million units per year. In other recent housing news, the NAHB index, which measures confidence among home builders, rose two points to 55 in August, the best reading since January. Looks like a broad pick-up in both sales and foot traffic around the country.



Housing Starts SAAR, thousands	Monthly % Ch.	Jul-14 Level	Jun-14 Level	May-14 Level	3-mth moving avg	6-mth moving avg	Yr to Yr % Change
Housing Starts	15.7%	1093	945	984	1007	994	21.7%
Northeast	44.0%	144	100	88	111	111	26.3%
Midwest	-24.8%	164	218	164	182	168	1.9%
South	29.0%	511	396	541	483	487	27.4%
West	18.6%	274	231	191	232	228	23.4%
Single-Unit Starts	8.3%	656	606	634	632	628	10.1%
Multi-Unit Starts	28.9%	437	339	350	375	366	44.7%
Building Permits	8.1%	1052	973	1005	1010	1017	7.7%
Single-Unit Permits	0.9%	640	634	615	630	613	3.9%

Source: U.S. Census Bureau