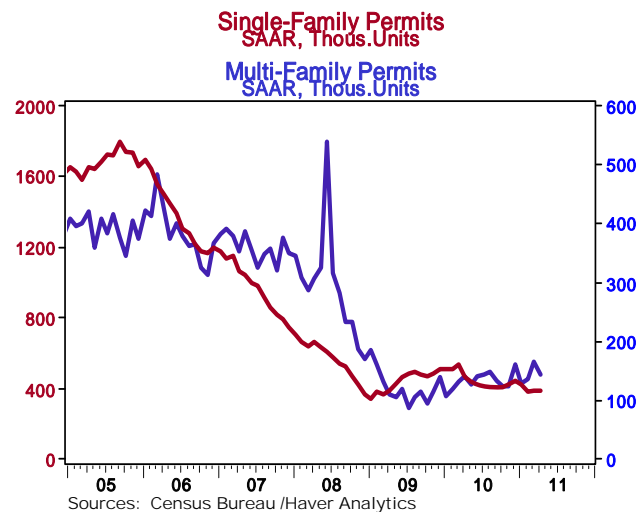
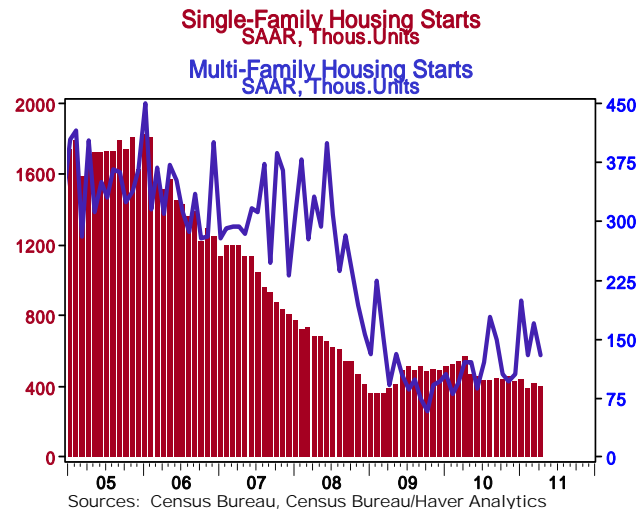


# APRIL HOUSING STARTS

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- Housing starts dropped 10.6% in April to 523,000 units at an annual rate. They were also revised up by 6.6% in March, but are still down 23.9% versus a year ago.
- The drop in April was mostly due to a 24.7% fall in multi-family starts (which are very volatile from month to month). Still, multi-family starts are 6.6% higher than a year ago. Single-family starts fell 5.1% in April and are down 30.4% versus a year ago.
- Starts plummeted in the South, declined in the Northeast, but were up in the Midwest and West.
- New building permits fell 4.0% in April to a 551,000 annual rate and were revised down by 3.3% in March. Permits are down 12.8% versus a year ago with permits for single-family units down 18.6%.

**Implications:** Housing starts fell 10.6% in April, coming in well below consensus expectations. The number of homes under construction also fell to the lowest level on record (dating back to 1970). However, it appears the drop in starts in April was primarily due to an unusually violent tornado season. On net, all of the drop happened in the South. Outside that one region, starts were up 5.5%. In addition, two-thirds of the decline in starts was in multi-family units, which are volatile from month to month. In other words, with the drop in starts in April concentrated in one weather-ravaged region and primarily due to the more volatile component of home building, today's report does not signal a future downward trend. Instead, we anticipate a significant rebound sometime in the next couple of months. Multi-family building has been generally moving up since late 2009 and, with the ongoing shift toward renting over owning, that trend should reassert itself. Meanwhile, the South is still suffering, now with floods. But the impact of these disasters should clear by June. Also, not every aspect of home building is suffering. Completions increased 4.1% in April and yet are still at a low enough level so that builders can continue to work off the large excess inventory of homes. In fact, the pace of home building is still so low that inventory reduction will continue at a robust pace even as home building begins its long-term recovery later this year.



Housing Starts SAAR, thousands	Monthly % Ch.	Apr-11 Level	Mar-11 Level	Feb-11 Level	3-mth moving avg	6-mth moving avg	Yr to Yr % Change
<b>Housing Starts</b>	<b>-10.6%</b>	523	585	518	542	557	-23.9%
<b>Northeast</b>	<b>-4.8%</b>	60	63	55	59	68	-29.4%
<b>Midwest</b>	<b>15.7%</b>	96	83	63	81	88	-19.3%
<b>South</b>	<b>-23.0%</b>	255	331	310	299	290	-31.8%
<b>West</b>	<b>3.7%</b>	112	108	90	103	111	2.8%
<b>Single-Unit Starts</b>	<b>-5.1%</b>	394	415	388	399	418	-30.4%
<b>Multi-Unit Starts</b>	<b>-24.1%</b>	129	170	130	143	138	6.6%
<b>Building Permits</b>	<b>-4.0%</b>	551	574	534	553	570	-12.8%
<b>Single-Unit Permits</b>	<b>-1.8%</b>	385	392	382	386	407	-18.6%

Source: U.S. Census Bureau