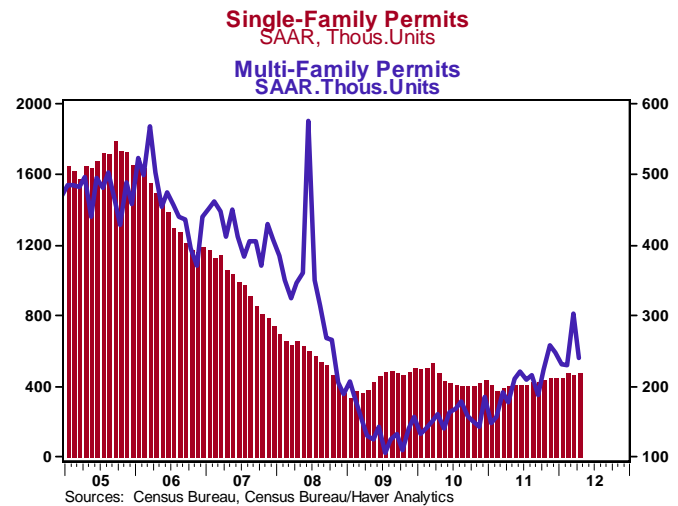
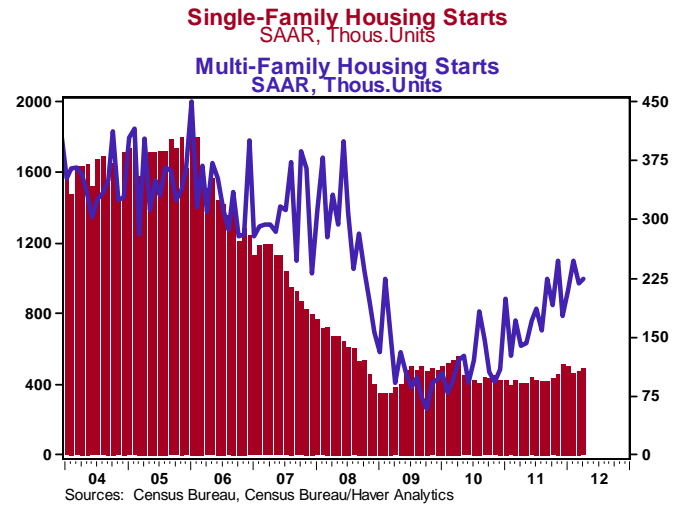


April Housing Starts

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- Housing starts rose 2.6% in April to 717,000 units at an annual rate, well above the 685,000 rate the consensus expected. Starts are up 29.9% versus a year ago.
- The gain in starts in April was due to a 2.3% rise in single-family units and a 3.2% rise in multi-family units. Single-family starts are up 18.8% from a year ago, while multi-family starts are up 63.0%.
- Starts rose in the South and Midwest, but declined in the Northeast and West.
- New building permits fell 7.0% in April to a 715,000 annual rate, coming in below the consensus expected pace of 730,000. Compared to a year ago, permits for single-unit homes are up 18.5% while permits for multi-family units are up 35.6%.

Implications: The recovery in home building is definitely underway. Housing starts rose 2.6% in April to 717,000 units at an annual rate and are up 29.9% from a year ago. In addition, March housing starts were revised substantially higher from 654,000 to 699,000 units at an annual rate. The total number of homes under construction (started, but not yet finished) increased for the eighth straight month, the first time this has happened since 2004-05. Permits to build homes, although declining 7.0% in April, are up 23.7% from a year ago. Some people may see the April decline as a sign of weakness, but this weakness was all focused in multi-family permits which fell 20.8% in April after a 32.3% rise in March. Single-family permits actually rose 1.9% in April and are at the second highest level in two years, signaling continued gains in home building in the coming year. It looks like the second quarter of 2012 will be the fifth straight quarter where home building boosts real GDP. Multi-family activity – both starts and permits – has been leading the way and we expect that to continue, particularly now that a legal settlement means more foreclosures can move forward. Some people occupying homes they have not been paying for will now have to go elsewhere and rent. Based on population growth and “scrappage,” housing starts should eventually rise to about 1.5 million units per year (probably by 2016), which means the recovery in home building is still very young. For more on the housing market, please see our research report ([link](#)).



Housing Starts SAAR, thousands	Monthly % Ch.	Apr-12 Level	Mar-12 Level	Feb-12 Level	3-mth moving avg	6-mth moving avg	Yr to Yr % Change
Housing Starts	2.6%	717	699	718	711	710	29.9%
Northeast	-20.7%	69	87	66	74	76	19.0%
Midwest	6.7%	127	119	99	115	121	32.3%
South	11.6%	385	345	419	383	371	38.5%
West	-8.1%	136	148	134	139	143	13.3%
Single-Unit Starts	2.3%	492	481	470	481	489	18.8%
Multi-Unit Starts	3.2%	225	218	248	230	221	63.0%
Building Permits	-7.0%	715	769	707	730	714	23.7%
Single-Unit Permits	1.9%	475	466	478	473	463	18.5%

Source: U.S. Census Bureau