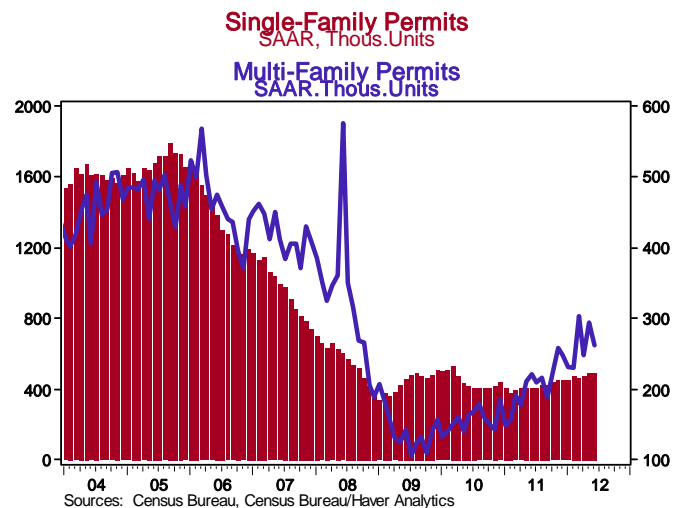
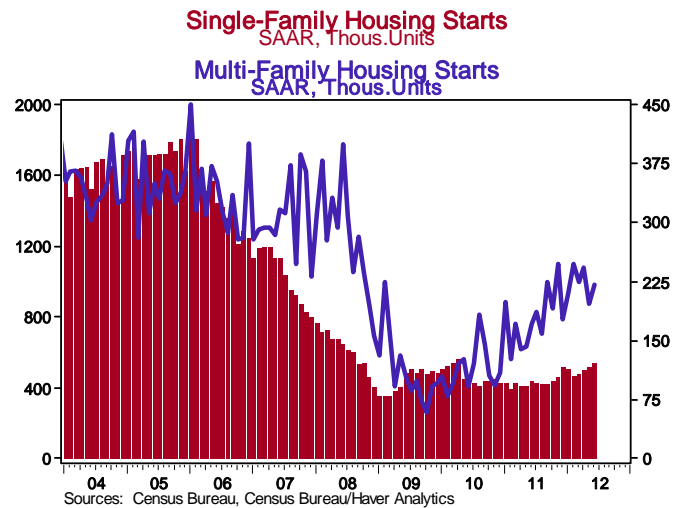


June Housing Starts

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- Housing starts increased 6.9% in June to 760,000 units at an annual rate, beating the 745,000 rate the consensus expected. Starts are up 23.6% versus a year ago.
- The rise in starts in June was due to gains in both single-family homes (up 4.7%) and multi-family units (up 12.8%). Single-family starts are up 21.7% from a year ago, while multi-family starts are up 28.5%.
- Starts rose in the West and Northeast, but fell in the South and Midwest.
- New building permits declined 3.7% in June to a 755,000 annual rate, coming in below the consensus expected pace of 765,000. Compared to a year ago, permits for single-unit homes are up 19.3% while permits for multi-family units are up 18.6%.

Implications: The recovery in home building is clicking on all cylinders and still has much further to go. Housing starts rose 6.9% in June to the highest levels since October 2008. Single-family starts increased 4.7% and are up 21.7% from a year ago; multi-family starts increased 12.8% in June and are up 28.5% from a year ago. Looking deeper into the report, the total number of homes under construction (started, but not yet finished) increased for the tenth straight month, the first time this has happened since back during the building boom in 2003-2004. What this means is that home builders are consistently starting more homes than they are finishing. Permits to build homes fell in June, coming in at a 755,000 annual rate. But the decline was all due to multi-family permits, which are extremely volatile from month to month. As the chart to the right shows the underlying trend in multi-family permits is still up. Single-family permits increased 0.6% in June and were up for the ninth time in the past twelve months. It looks like the second quarter of 2012 will be the fifth straight quarter where home building boosts real GDP. Based on population growth and “scrapage,” 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.



Housing Starts SAAR, thousands	Monthly % Ch.	Jun-12 Level	May-12 Level	Apr-12 Level	3-mth moving avg	6-mth moving avg	Yr to Yr % Change
Housing Starts	6.9%	760	711	747	739	727	23.6%
Northeast	22.2%	77	63	80	73	75	11.6%
Midwest	-7.3%	101	109	125	112	109	-19.8%
South	-4.2%	363	379	395	379	386	26.9%
West	36.9%	219	160	147	175	158	63.4%
Single-Unit Starts	4.7%	539	515	504	519	503	21.7%
Multi-Unit Starts	12.8%	221	196	243	220	224	28.5%
Building Permits	-3.7%	755	784	723	754	737	19.3%
Single-Unit Permits	0.6%	493	490	475	486	476	19.7%

Source: U.S. Census Bureau