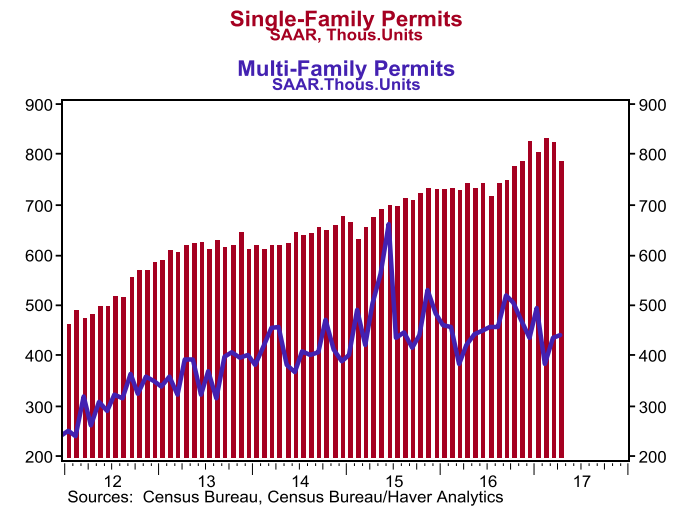
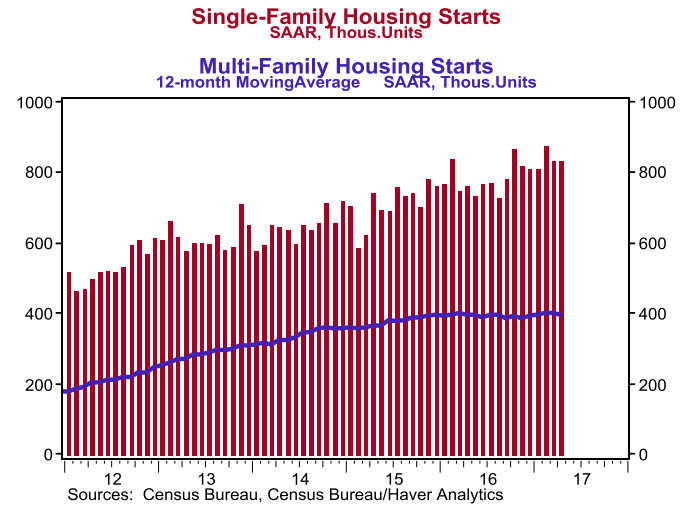


April Housing Starts

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- Housing starts declined 2.6% in April to a 1.172 million annual rate, well below the consensus expected 1.260 million. Starts are up 0.7% versus a year ago.
- The decline in starts in April was due entirely to a drop in multi-family starts. Single-family starts rose in April. In the past year, single-family starts are up 8.9% while multi-family starts are down 15.1%.
- Starts in April fell in the Northeast and South, but rose in the Midwest and West.
- New building permits declined 2.5% in April to a 1.229 million annual rate, below the consensus expected 1.270 million. Compared to a year ago, permits for single-family units are up 6.2% while permits for multi-family homes are up 4.8%.

Implications: Housing starts came in much lower than the consensus expected in April, falling 2.6% to a 1.17 million annual rate. Starts were below even the lowest forecast from any economics group. However, this does not signal the end of the housing recovery; far from it. Multi-unit starts, which are extremely volatile from month to month, were entirely responsible for the April decline. Meanwhile, single family-starts rose 0.4% and are now up 8.9% in the past year. The “mix” of construction has been generally shifting toward single-family building and this is a good sign for the overall economy. When the housing recovery started, multi-family construction led the way. But the share of all housing starts that are multi-family appears to have peaked in 2015, when 35.7% of all starts were multi-family, the largest since the mid-1980s, when the last wave of Baby Boomers was growing up and moving to cities. In April, the multi-family share of starts fell to 28.8%. The shift toward single-family is a positive sign for the economy because, on average, each single-family home contributes to GDP about twice the amount of a multi-family unit. Based on population growth and “scrappage,” housing starts should eventually rise to about 1.5 million units per year, so much of the recovery in home building is still ahead of us. The worst news in today’s report was that single-family permits fell 4.5% in April. But they are still up 6.2% in the past year, so don’t expect the drop in single-family permits in April to lead to a decline in the future pace of home building. In other recent housing news, the NAHB index, which measures sentiment among home builders, rose to 70 in May from 68 in April. Expect further strength in the housing sector in the year ahead as more jobs, faster wage growth, and, for at least the time being, optimism about more market-friendly policies from a Trump Administration, continue to encourage both prospective home buyers and builders.



Housing Starts SAAR, thousands	Monthly % Ch.	Apr-17 Level	Mar-17 Level	Feb-17 Level	3-mth moving avg	6-mth moving avg	Yr to Yr % Change
Housing Starts	-2.6%	1172	1203	1288	1221	1219	0.7%
Northeast	-37.3%	79	126	111	105	102	-34.2%
Midwest	41.1%	206	146	182	178	196	1.0%
South	-9.1%	592	651	658	634	621	-1.5%
West	5.4%	295	280	337	304	301	23.4%
Single-Unit Starts	0.4%	835	832	877	848	832	8.9%
Multi-Unit Starts	-9.2%	337	371	411	373	388	-15.1%
Building Permits	-2.5%	1229	1260	1219	1236	1255	5.7%
Single-Unit Permits	-4.5%	789	826	834	816	812	6.2%

Source: U.S. Census Bureau