

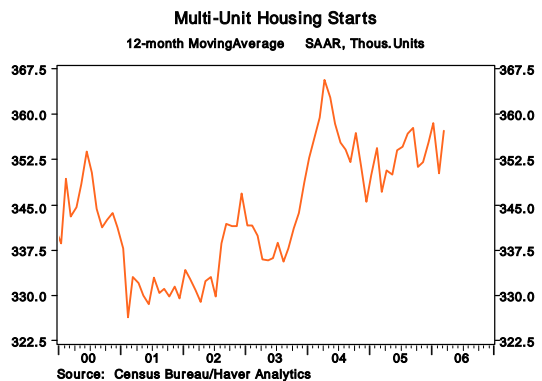
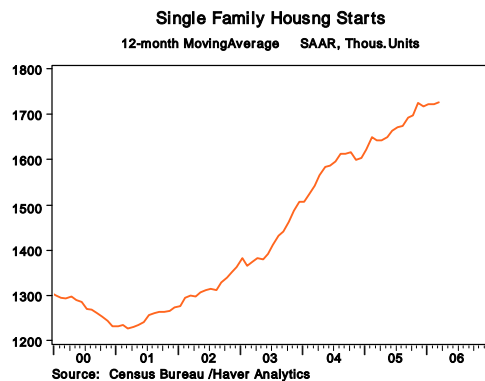
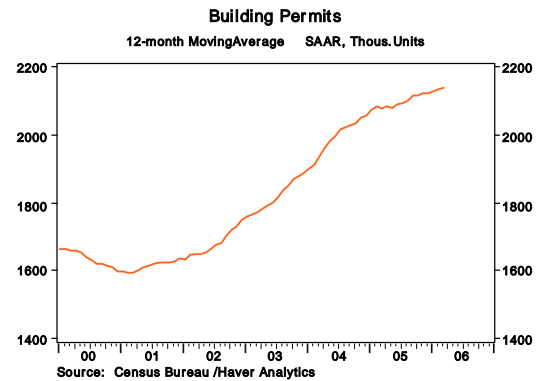
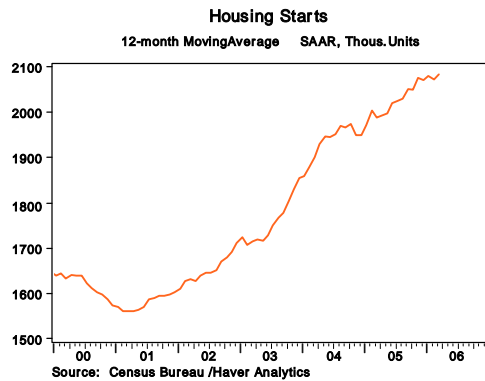
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MARCH HOUSING STARTS

- Housing starts fell 7.8% in March to 1.960 million units at an annual rate. This is the lowest level since March 2005. A 12.0% decline in single family starts accounted for the entire decline. Multi-unit starts rose 15.7% last month.
- New building permits declined 5.5% in March to an annualized 2.059 million units. Building permits have been above the two million mark for over two years.
- Housing completions surged in March, increasing 7.8% to 2.218 million units at an annual rate – a record high.

Implications: Despite continuing declines in housing starts, housing activity remains robust. March's level of 1.960

million starts is 44.7% above the 1992-1996 (post-recession, pre-tax cut) average of 1.354 million starts per year. Building permits were 60.2% higher in March than their 1992-1996 average. Nonetheless, we anticipate housing activity will continue to cool this year and settle into a range between 1.8 and 2.0 million starts. While housing will add significantly to GDP in the first quarter of 2006, we expect it to be a drag on growth for the rest of the year. However, resources that would have been spent on housing will be shifted into other sectors, and real GDP is still on track to expand 4.0% in 2006.



Housing Starts SAAR, thousands	Monthly % Ch.	Mar-06 Level	Feb-06 Level	Jan-06 Level	3-mth moving avg	6-mth moving avg	Yr over Yr % Ch.
Housing Starts	-7.8%	1960	2126	2307	2131	2095	6.9%
Northeast	-0.5%	189	190	241	207	192	-10.0%
Midwest	-8.2%	291	317	368	325	334	-6.4%
South	-4.8%	994	1044	1173	1070	1053	19.8%
West	-15.5%	486	575	525	529	516	0.8%
Single-unit	-12.0%	1591	1807	1849	1749	1733	2.6%
Multi-unit	15.7%	369	319	458	382	362	30.4%
2-4 unit	-2.8%	35	36	27	33	34	2.9%
5 unit	18.0%	334	283	431	349	329	34.1%
Building Permits	-5.5%	2059	2179	2216	2151	2133	1.9%
Single-unit	-6.9%	1542	1657	1690	1630	1661	-0.6%
2-4 unit	-10.0%	81	90	103	91	86	-4.7%
5 unit	0.9%	436	432	423	430	385	13.5%

Source: U.S. Census Bureau

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