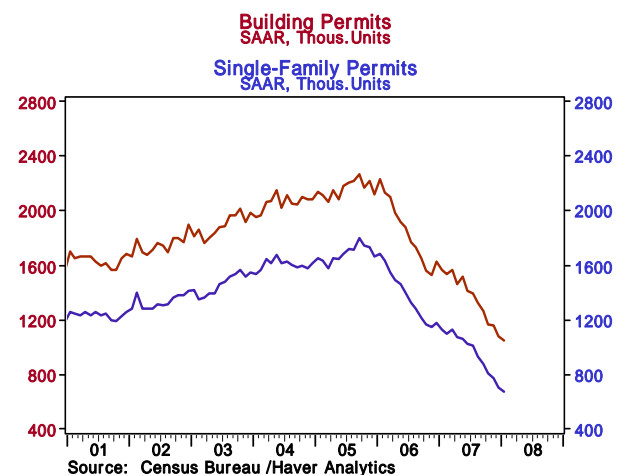
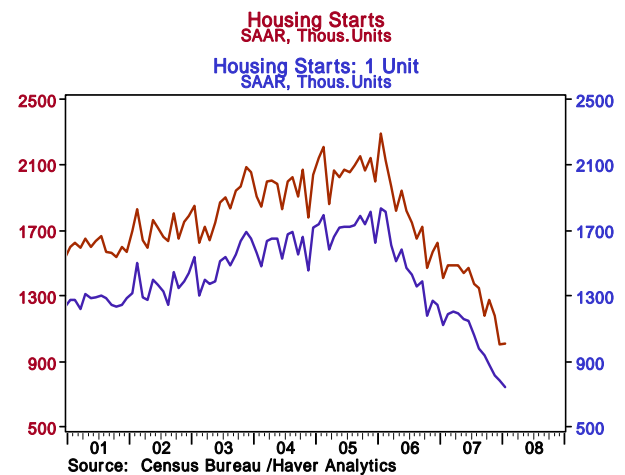


JANUARY HOUSING STARTS

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- Housing starts increased 0.8% in January to 1.012 million units at an annual rate, slightly above consensus expectations. Starts are down 27.9% versus a year ago and off 55.8% from the peak in January 2006.
- All of the increase in starts in January was due to multiple-family starts, which partially rebounded from last month's plunge. Single-family starts fell 5.2% in January, to a level last seen in 1991, and are down 33.8% versus last year.
- Starts increased in the Northeast and Midwest, but declined in the South and West.
- New building permits declined 3.0% in January to 1.048 million units at an annual rate, roughly matching consensus expectations. Single-family permits are down 40.3% versus last year and 62.6% since the peak in September 2005.

Implications: Today's news on home building was essentially as expected. In a sense, this is a relief, as so many reports in previous months have come in below expectations. Housing starts increased slightly in January but this was all due to a rebound in multiple-family starts. Single-family starts continued to decline. We expect that on a nationwide basis home building will continue to decline through at least the middle of 2008 as the industry works to pare down the inventory of unsold new homes. (See our November 27 piece, ["Seeing the Light at the End of the Housing Tunnel."](#)) Today's data are consistent with our view that housing inventories will not be back at "normal" levels until 2010.



Housing Starts SAAR, thousands	Monthly % Ch.	Jan-08 Level	Dec-07 Level	Nov-07 Level	3-mth moving avg	6-mth moving avg	Yr to Yr % Change
Housing Starts	0.8%	1012	1004	1178	1065	1166	-27.9%
Northeast	18.9%	126	106	129	120	127	-33.0%
Midwest	12.0%	159	142	209	170	189	-16.3%
South	-2.9%	530	546	587	554	597	-24.2%
West	-6.2%	197	210	253	220	254	-39.6%
Single-Unit Starts	-5.2%	743	784	816	781	856	-33.8%
Multi-Unit Starts	22.3%	269	220	362	284	311	-3.9%
Building Permits	-3.0%	1048	1080	1162	1097	1174	-33.1%
Single-Unit Permits	-4.1%	673	702	770	715	794	-40.3%

Source: U.S. Census Bureau