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Data Watch

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# MARCH HOUSING STARTS

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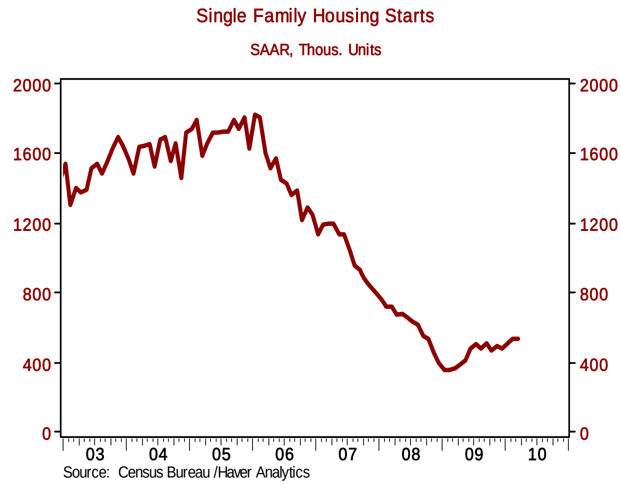
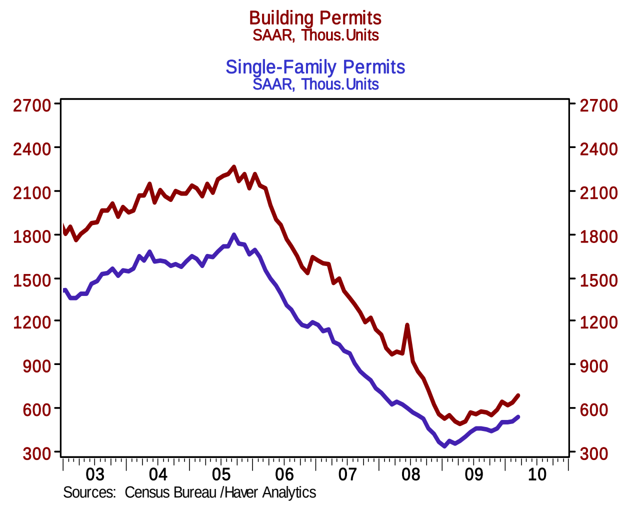
- Housing starts increased 1.6% in March to 626,000 units at an annual rate, beating the consensus expected 610,000 pace. Including revisions to February, starts increased 8.9%.
- Single-family units declined 0.9% in March, but that was because February starts were revised much higher than the government estimated a month ago. Including that upward revision, single-family starts increased 6.4%. Multi-family starts, which are volatile from month to month, increased 18.8% in March (25.0% including upward revisions to prior months).
- All the gains in starts were in the South. Starts declined in the Northeast, Midwest, and West.
- New building permits increased 7.5% in March to a 685,000 annual rate, easily beating the consensus expected pace of 625.000. Permits are up 34.1% versus a year ago. Permits for single-family units increased 5.6% in March and are up 50.8% in the past year.

**Implications:** The early stage of a substantial rebound in home building is now firmly in place. Although single-family starts dipped slightly in March, this dip was due to a substantial upward revision for February, when record East Coast snow storms should have been making residential building more difficult. Taking the entire first quarter into consideration, single-family starts were up at a 41% annual rate versus the Q4 average. Meanwhile, total single-family units under construction were up at a 10% annual rate in Q1 versus the Q4 average. It takes longer to build a multi-unit building than a single-family home, and the total number of multi-unit structures is still declining. However, light can be seen at the end of the tunnel even for these buildings: multi-unit starts spiked up at a 103% annual rate in Q1 versus the Q4 average. The rebound in home building should not be distressing for those still worried about excess inventories. Although rising, the pace of home building is still so slow that inventories can still be worked off even as building rebounds.




| Housing Starts<br>*SAAR, thousands* | Monthly<br>*% Ch.* | Mar-10<br>*Level* | Feb-10<br>*Level* | Jan-10<br>*Level* | 3-mth<br>*moving avg* | 6-mth<br>*moving avg* | Yr to Yr<br>*% Change* |
|---|---|---|---|---|---|---|---|
| ***Housing Starts*** | **1.6%** | 626 | 616 | 609 | 617 | 588 | 20.2% |
| ***Northeast*** | **-8.3%** | 66 | 72 | 68 | 69 | 64 | -4.3% |
| ***Midwest*** | **-28.4%** | 83 | 116 | 91 | 97 | 98 | -15.3% |
| ***South*** | **18.2%** | 337 | 285 | 323 | 315 | 303 | 23.0% |
| ***West*** | **-2.1%** | 140 | 143 | 127 | 137 | 123 | 75.0% |
| ***Single-Unit Starts*** | **-0.9%** | 531 | 536 | 507 | 525 | 503 | 47.1% |
| ***Multi-Unit Starts*** | **18.8%** | 95 | 80 | 102 | 92 | 85 | -40.6% |
| ***Building Permits*** | **7.5%** | 685 | 637 | 622 | 648 | 623 | 34.1% |
| ***Single-Unit Permits*** | **5.6%** | 543 | 514 | 504 | 520 | 497 | 50.8% |

*Source: U.S. Census Bureau*