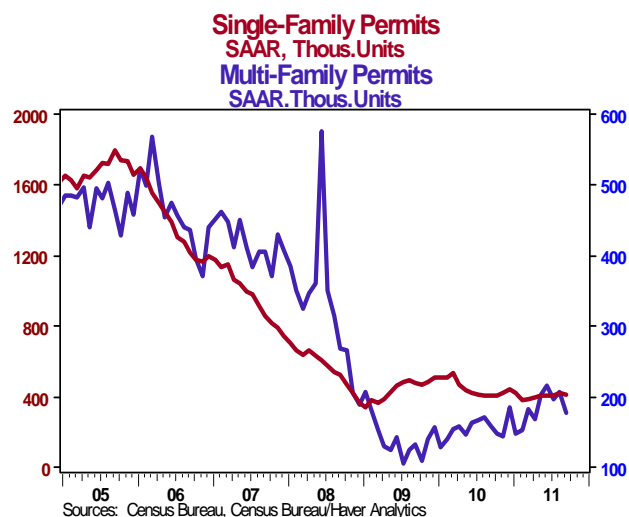
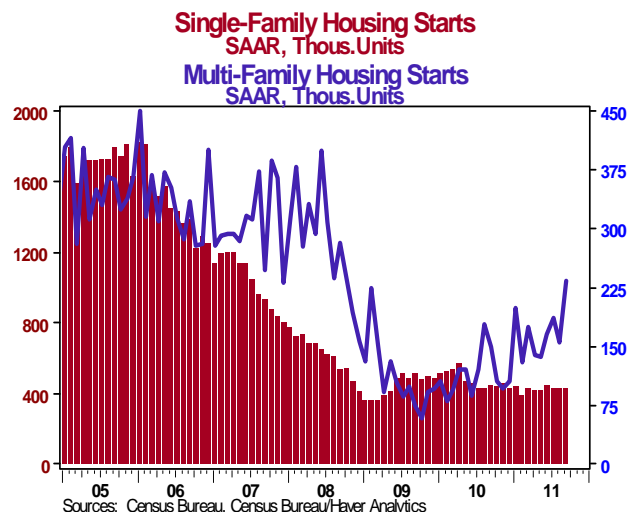


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## September Housing Starts

- Housing starts surged 15.0% in September to 658,000 units at an annual rate, coming in well above the consensus expected pace of 590,000. Starts are up 10.2% versus a year ago.
- The gain in September was mostly due to multi-family starts, which are extremely volatile from month to month and which were up 51.3%. Single-family starts rose 1.7%. Multi-family starts are up 55.3% from a year ago while single-family starts are down 4.9%.
- Starts rose in all regions of the country with the West seeing the biggest gains up 18.1%.
- New building permits fell 5.0% in September to a 594,000 annual rate, coming in below the consensus expected pace of 610,000. Compared to a year ago, permits for multi-unit homes are up 11.3% while permits for single-family units are up 3.5%.

**Implications:** Home building soared 15% in September, bouncing back after the unusually harsh weather we saw in August, coming in at the highest level since April 2010. However, most of the increase was due to a 51.3% spike in multi-family units, which are volatile from month to month. The general trend in multi-family units should continue to go higher given the movement away from owner-occupancy and toward rental occupancy. To help show this, 5 or more unit completions were up 43.4% in September. Another positive from today's report was that although single-family homes under construction hit a new record low, total homes under construction increased for the second time in three months. This is only the second time homes under construction have increased since 2006! What this shows is that the bottoming process is happening and home building should trend higher over the next couple of years. After a large rise in building permits last month, permits fell 5% in September, but remain up 5.7% from a year ago. Based on population growth and "scrappage" rates, home building must increase substantially over the next several years to avoid eventually running into shortages.



Housing Starts SAAR, thousands	Monthly % Ch.	Sep-11 Level	Aug-11 Level	Jul-11 Level	3-mth moving avg	6-mth moving avg	Yr to Yr % Change
<b>Housing Starts</b>	<b>15.0%</b>	658	572	615	615	594	10.2%
<b>Northeast</b>	<b>12.7%</b>	62	55	85	67	64	-10.1%
<b>Midwest</b>	<b>9.3%</b>	94	86	90	90	99	-3.1%
<b>South</b>	<b>15.7%</b>	339	293	306	313	294	13.8%
<b>West</b>	<b>18.1%</b>	163	138	134	145	137	22.6%
<b>Single-Unit Starts</b>	<b>1.7%</b>	425	418	430	424	425	-4.9%
<b>Multi-Unit Starts</b>	<b>51.3%</b>	233	154	185	191	169	55.3%
<b>Building Permits</b>	<b>-5.0%</b>	594	625	601	607	602	5.7%
<b>Single-Unit Permits</b>	<b>-0.2%</b>	417	418	403	413	407	3.5%

Source: U.S. Census Bureau