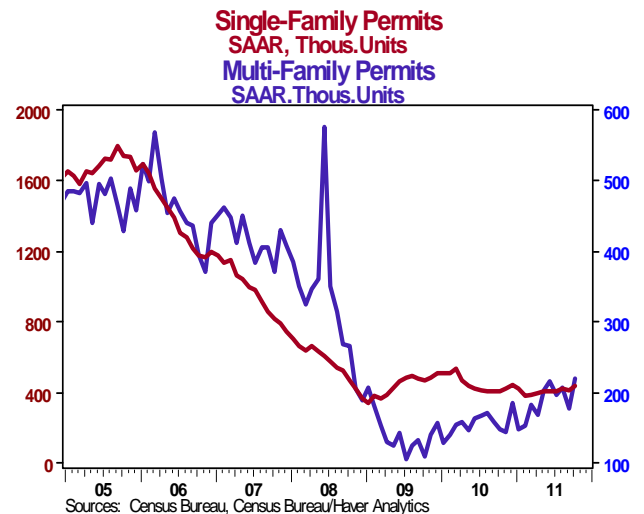
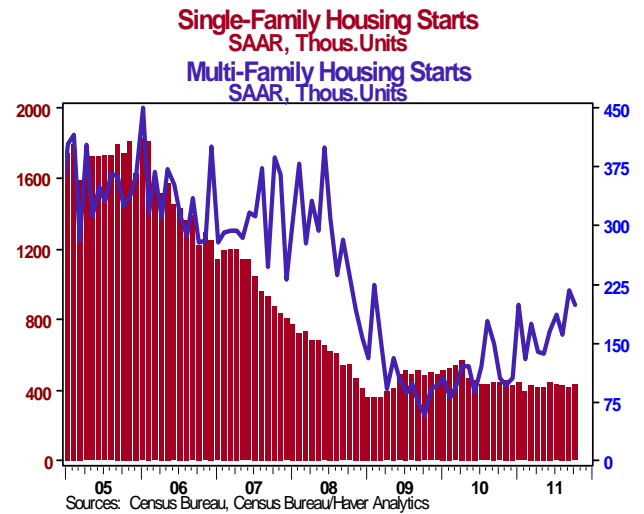


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October Housing Starts

- Housing starts fell 0.3% in October to 628,000 units at an annual rate, but still came in above the consensus expected pace of 610,000. Starts are up 16.5% versus a year ago.
- The slight decline in starts in October was all due to multi-family units, which are extremely volatile from month to month. Single-family starts were up 3.9%. Multi-family starts are up 88.6% from a year ago while single-family starts are down 0.9%.
- Starts rose in all regions of the country except in the West, which fell 16.5%.
- New building permits increased 10.9% in October to a 653,000 annual rate, coming in well above the consensus expected pace of 603,000. Compared to a year ago, permits for multi-unit homes are up 48.0% while permits for single-family units are up 6.6%.

Implications: The long-awaited rebound in home building has finally begun. In the past four months, the total number of homes under construction has increased three times. This is a major break from the recent past. From 2006 through four months ago there had been no increases at all. So far, the gains have been due to multi-family construction, particularly buildings with 5 or more units. However, we are now seeing signs that single-family construction is starting to stir. Although the number of single-family homes under construction hit a new record low in October, single-family starts were up 3.9%. Moreover, single-family completions increased 7.1%, which contributed to the drop in the number still under construction. Multi-family starts fell 8.3% in October, but given the general trend away from owner-occupancy and toward rental occupancy, multi-family units should continue to trend higher. Permits for multi-family construction are now the highest in three years. Based on population growth and “scrappage,” home building must increase substantially over the next several years to avoid eventually running into shortages. For more on the housing market, please see our recent research report ([link](#)). In other news this morning, new claims for unemployment insurance declined 5,000 last week to 388,000. The four-week moving average is 397,000 versus 440,000 in April/May. Continuing claims for regular state benefits fell 57,000 to 3.61 million. Looks like another month of respectable job growth in November.



Housing Starts SAAR, thousands	Monthly % Ch.	Oct-11 Level	Sep-11 Level	Aug-11 Level	3-mth moving avg	6-mth moving avg	Yr to Yr % Change
Housing Starts	-0.3%	628	630	585	614	604	16.5%
Northeast	17.2%	68	58	57	61	65	-17.1%
Midwest	9.7%	102	93	86	94	99	7.4%
South	1.6%	326	321	301	316	301	23.0%
West	-16.5%	132	158	141	144	139	36.1%
Single-Unit Starts	3.9%	430	414	425	423	427	-0.9%
Multi-Unit Starts	-8.3%	198	216	160	191	177	88.6%
Building Permits	10.9%	653	589	625	622	616	17.7%
Single-Unit Permits	5.1%	434	413	418	422	413	6.6%

Source: U.S. Census Bureau

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