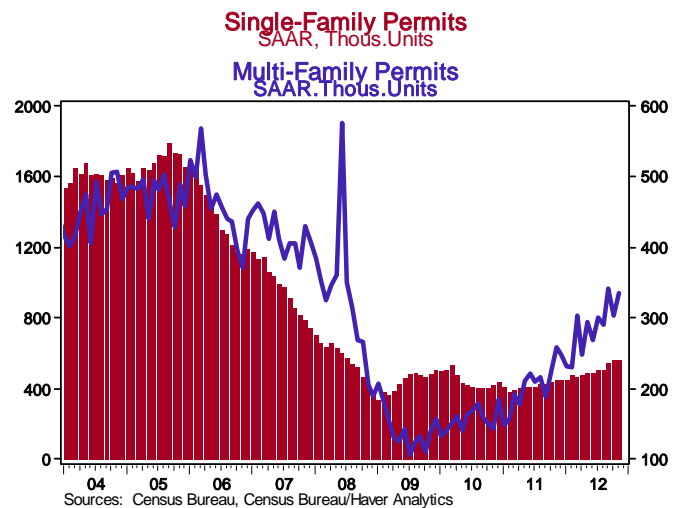
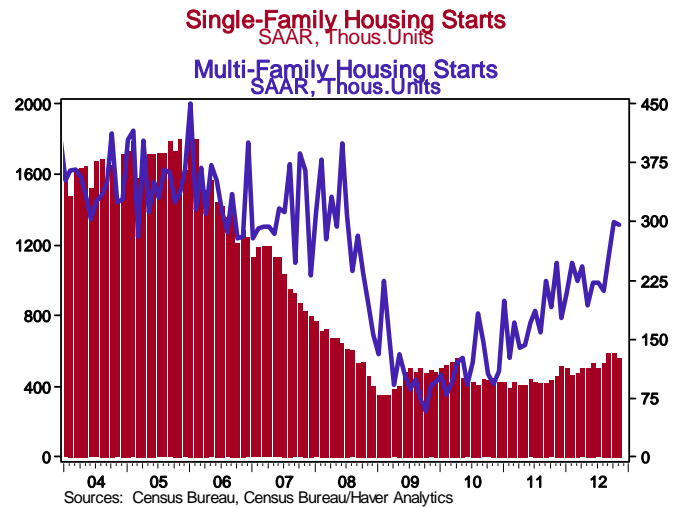


# November Housing Starts

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- Housing starts declined 3.0% in November to 861,000 units at an annual rate, coming in below the consensus expected 872,000 pace. Starts are up 21.6% versus a year ago.
- The decline in starts in November was due to declines in both single-family (-4.1%) and multi-family starts (-1.0%). Single-family starts are up 22.8% from a year ago, while multi-family starts are up 19.4%.
- Starts fell in the West and Northeast, but rose in the Midwest and South.
- New building permits rose 3.6% in November to an 899,000 annual rate, easily beating the consensus expected pace of 875,000. Compared to a year ago, permits for single-unit homes are up 25.3% while permits for multi-family units are up 29.5%.

**Implications:** The upward trend in home building remains intact. However, as we've been saying all along, the gains won't happen every month. Housing starts fell 3% to an 861,000 annual pace in November, with declines in both single- and multi-family starts. Still, besides last month, starts are at the highest levels since July 2008 and are up 21.6% from a year ago. The total number of homes under construction (started, but not yet finished) are up 22% from a year ago and increased for the 15th straight month, the first time this has happened since back in 1997-98. The best news today was that building permits rose 3.6% in November to an 899,000 annual rate, the highest level since July 2008 and up 26.8% from a year ago, suggesting gains in housing starts in the months ahead. Based on population growth and "scrappage," housing starts will eventually rise to about 1.5 million units per year (probably by 2015), which means the recovery in home building is still young. That may seem like a big leap over the next few years, but a gain of 19% per year for the next three years gets us up to that level. And that pace is slower than the gains over the past twelve months. Don't expect a straight line recovery, there will be zigs and zags along the way, but the overall trend will continue higher. In other recent housing news, the NAHB index, a measure of homebuilder confidence, increased to 47 in December, the highest level since April 2006 and the eighth consecutive monthly gain. In other news from earlier this week, the Empire State index, a measure of manufacturing activity in New York, fell to -8.1 in December from -5.2 in November.



Housing Starts SAAR, thousands	Monthly % Ch.	Nov-12 Level	Oct-12 Level	Sep-12 Level	3-mth moving avg	6-mth moving avg	Yr to Yr % Change
<b>Housing Starts</b>	<b>-3.0%</b>	861	888	843	864	804	21.6%
<b>Northeast</b>	<b>-5.2%</b>	73	77	77	76	78	-25.5%
<b>Midwest</b>	<b>3.3%</b>	158	153	147	153	133	68.1%
<b>South</b>	<b>2.9%</b>	458	445	418	440	402	33.1%
<b>West</b>	<b>-19.2%</b>	172	213	201	195	192	0.0%
<b>Single-Unit Starts</b>	<b>-4.1%</b>	565	589	590	581	553	22.8%
<b>Multi-Unit Starts</b>	<b>-1.0%</b>	296	299	253	283	251	19.4%
<b>Building Permits</b>	<b>3.6%</b>	899	868	890	886	838	26.8%
<b>Single-Unit Permits</b>	<b>-0.2%</b>	565	566	550	560	532	25.3%

Source: U.S. Census Bureau