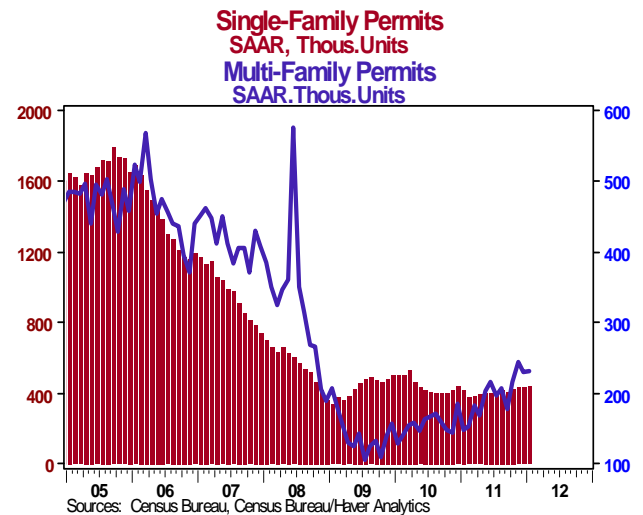
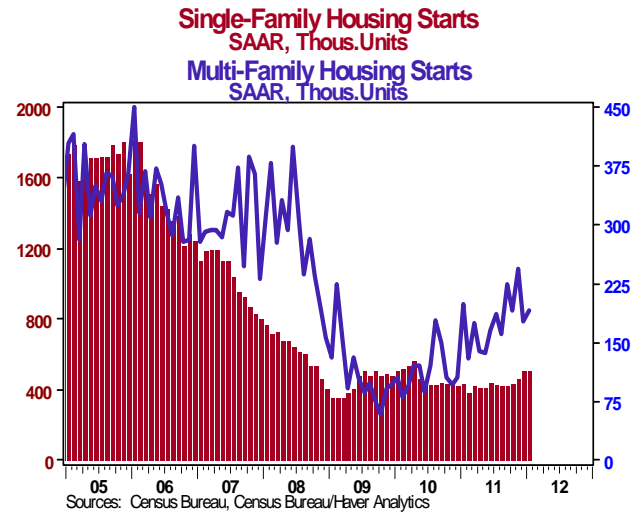


January Housing Starts

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- Housing starts increased 1.5% in January to 699,000 units at an annual rate, easily beating the consensus expected pace of 675,000. Starts are up 9.9% versus a year ago.
- The increase in starts in January was all due to multi-family units, which are extremely volatile from month to month. Single-family starts dipped 1.0%. Multi-family starts are down 4.0% from a year ago while single-family starts are up 16.2%.
- Starts rose in all regions of the country, except the Midwest.
- New building permits increased 0.7% in January to a 676,000 annual rate, slightly below the consensus expected pace of 680,000. Compared to a year ago, permits for multi-unit homes are up 55.0% while permits for single-family units are up 6.2%.

Implications: More up-beat numbers on the housing market today. Housing starts easily beat consensus expectations for January and were revised up for prior months as well. Looks like the first quarter of 2012 will be the fourth straight quarter where home building boosts real GDP. Although the gains in January were all in the volatile multi-family sector and were likely boosted by unusually mild January weather, today's figures reinforce the upward trend for home building. Single-family starts are up 16.2% from a year-ago and the top chart to the right shows the strength in multi-family construction. Meanwhile, permits for future construction continue to gain. Notably, the number of single-family homes under construction increased 2.1% in January, the largest gain since 2004. The number of single-family starts exceeded the number of completions by an annualized 119,000 in January, the widest gap since the peak of the housing boom back in early 2006. As we wrote a few months ago, the long-awaited turning point in home building has arrived. 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 research report ([link](#)). In other news this morning, the Philadelphia Fed index, a measure of manufacturing activity, increased to +10.2 in February from +7.3 in January. Once again, reports show both factories and home builders lifting economic growth.



Housing Starts SAAR, thousands	Monthly % Ch.	Jan-12 Level	Dec-11 Level	Nov-11 Level	3-mth moving avg	6-mth moving avg	Yr to Yr % Change
Housing Starts	1.5%	699	689	702	697	658	9.9%
Northeast	7.9%	68	63	96	76	68	-27.7%
Midwest	-40.7%	102	172	96	123	111	-11.3%
South	18.3%	388	328	343	353	335	26.8%
West	11.9%	141	126	167	145	145	16.5%
Single-Unit Starts	-1.0%	508	513	458	493	461	16.2%
Multi-Unit Starts	8.5%	191	176	244	204	198	-4.0%
Building Permits	0.7%	676	671	680	676	648	19.0%
Single-Unit Permits	0.9%	445	441	436	441	430	6.2%

Source: U.S. Census Bureau