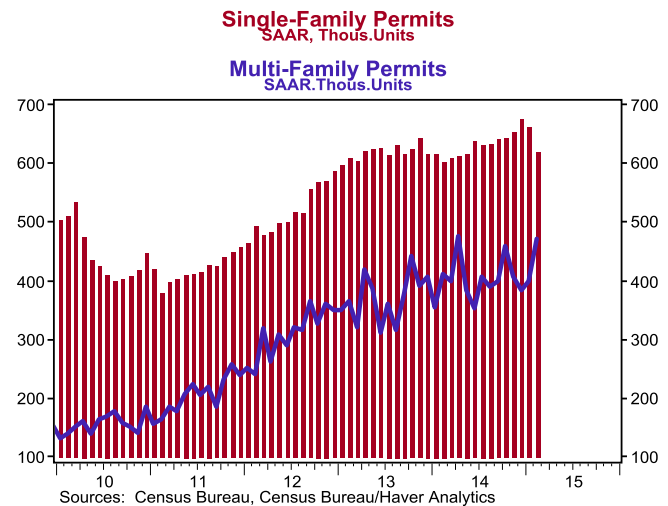
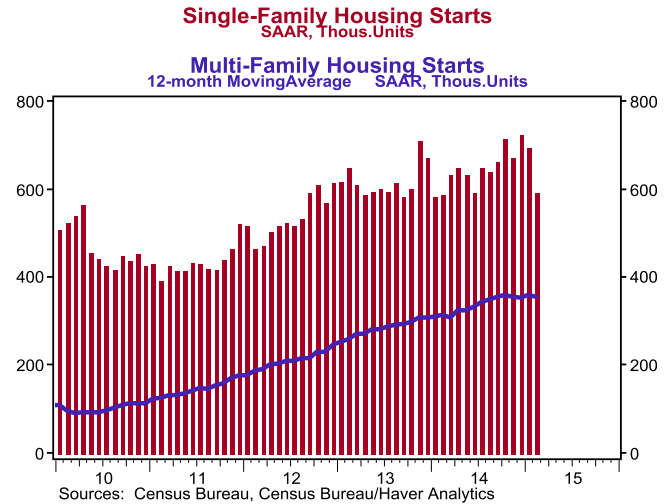


February Housing Starts

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- Housing starts declined 17.0% in February to a 897,000 annual rate, coming in well below the consensus expected 1.040 million annual rate. Starts are down 3.3% versus a year ago.
- The decline in starts in February was due to a 14.9% drop in single-family units along with a decline of 20.8% for multi-family starts. In the past year, single-family starts are up 0.7% while multi-family starts are down 10.3%.
- Starts in February declined in all major areas of the country.
- New building permits rose 3.0% in February to a 1.092 million annual rate, coming in above the consensus expected 1.065 million. Compared to a year ago, permits for single-family units are up 2.8% while permits for multi-family homes are up 14.8%.

Implications: Don't get bent out of shape about housing starts plummeting in February. Instead, take a moment to review the data for the month. Retail sales were weak, except for buying over the internet and by mail-order. Utilities soared at the fastest pace in more than 40 years, while manufacturing production fell. And now housing starts plummeted at the second fastest pace in the last twenty years. If it wasn't obvious already, it should be now: the coldest February temperatures for the most people since 1979 had a huge (but temporary) effect on the economy. In fact, Americans in 23 states experienced a "top-10-coldest February" going all the way back to 1895! But, like last year, we expect a big bounce in growth in the months ahead. Housing starts fell 17% in February, the largest drop in four years. The Northeast had its second slowest pace of housing starts on record, going back to 1959. When it's this cold and snowy it's nearly impossible to break ground. However, in spite of the drop in starts, there are still signs the trend in home building is upward. The total number of homes under construction, (started, but not yet finished) increased 0.4% in February and are up 17.1% versus a year ago. Permits for future building rose 3% in February and are up 7.7% from a year ago, boding well for future gains in housing starts. Based on population growth and "scrappage," housing starts should rise to about 1.5 million units per year over the next couple of years, so a great deal of the recovery in home building is still ahead of us. In other recent housing news, the NAHB index, which measures confidence among home builders, declined to 53 in March from 55 in February. Readings greater than 50 mean more respondents said conditions were good than bad. Expect more Plow Horse-like gains in housing in the year ahead.



Housing Starts SAAR, thousands	Monthly % Ch.	Feb-15 Level	Jan-15 Level	Dec-14 Level	3-mth moving avg	6-mth moving avg	Yr to Yr % Change
Housing Starts	-17.0%	897	1081	1081	1020	1032	-3.3%
Northeast	-56.5%	47	108	113	89	98	-46.0%
Midwest	-37.0%	97	154	170	140	156	-20.5%
South	-2.5%	514	527	499	513	517	2.4%
West	-18.2%	239	292	299	277	262	10.1%
Single-Unit Starts	-14.9%	593	697	725	672	678	0.7%
Multi-Unit Starts	-20.8%	304	384	356	348	354	-10.3%
Building Permits	3.0%	1092	1060	1060	1071	1069	7.7%
Single-Unit Permits	-6.2%	620	661	675	652	649	2.8%

Source: U.S. Census Bureau