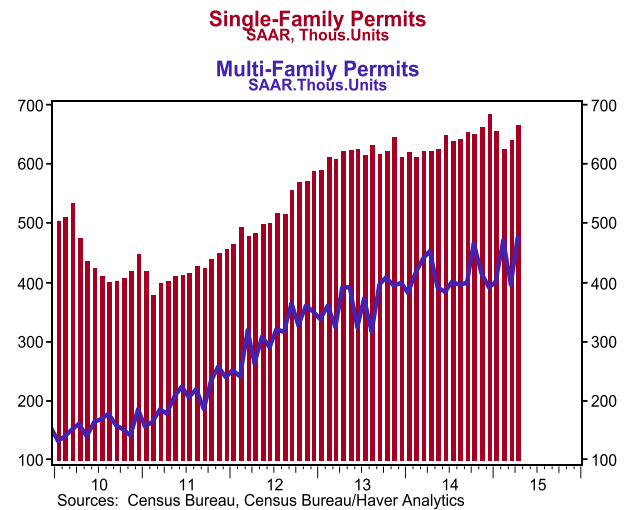
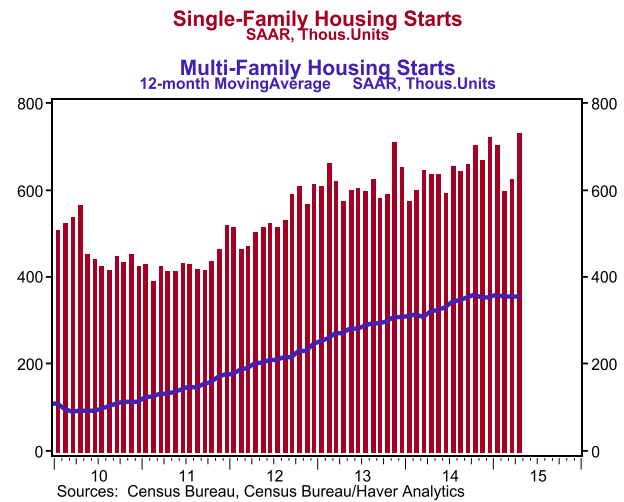


# April Housing Starts

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- Housing starts surged 20.2% in April to a 1.135 million annual rate, coming in well above the consensus expected 1.015 million annual rate. Starts are up 9.2% versus a year ago.
- The increase in starts in April was due to a 16.7% gain in single-family units along with an increase of 27.2% for multi-family starts. In the past year, single-family starts are up 14.7% while multi-family starts are up 0.5%.
- Starts in April rose in the Northeast, West and Midwest, but were down in the South.
- New building permits rose 10.1% in April to a 1.143 million annual rate, coming in well above the consensus expected 1.064 million. Compared to a year ago, permits for single-family units are up 7.1% while permits for multi-family homes are up 5.5%.

**Implications:** Boom! Great news on home building. After a weather-related soft patch in February and March, housing starts soared in April, coming in much higher than the consensus expected and at the fastest pace since 2007. And there’s more where that came from: housing permits increased 10.1% and are now the highest since 2008. These figures support our view that concerns about the economy based on the first quarter are misplaced; the economy is set to rebound quickly, just like last year. In turn, this means the Federal Reserve still has enough ammunition to start raising short-term interest rates in June. Obviously, one month doesn’t make a trend. Starts can be volatile from month to month, so to find the underlying trend we look at the 12-month moving average, which is at the highest level since September 2008. The total number of homes under construction, (started, but not yet finished) increased 1.5% in April and are up 14.8% versus a year ago. One interesting note is that we seem to have passed “peak multi-family” construction, at least as a share of overall home building. In the twelve months ending in September, 35.8% of all housing starts were multi-family units, the highest since the mid-1980s. Now that share is down to 34.9%. That’s significant because the construction of a single-family home usually adds more to real GDP growth than a multi-family unit. Based on population growth and “scrappage,” overall 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 two points to 54 in August, but the six-month sales outlook improved to 64, the highest so far this year. Readings greater than 50 mean more respondents report good market conditions. Just one year ago, the overall index was at 45. Expect further gains in housing in the coming months and years.



Housing Starts SAAR, thousands	Monthly % Ch.	Apr-15 Level	Mar-15 Level	Feb-15 Level	3-mth moving avg	6-mth moving avg	Yr to Yr % Change
<b>Housing Starts</b>	<b>20.2%</b>	1135	944	900	993	1024	9.2%
<b>Northeast</b>	<b>85.9%</b>	184	99	46	110	110	52.1%
<b>Midwest</b>	<b>27.8%</b>	170	133	102	135	148	-10.5%
<b>South</b>	<b>-1.8%</b>	503	512	509	508	502	3.5%
<b>West</b>	<b>39.0%</b>	278	200	243	240	265	14.9%
<b>Single-Unit Starts</b>	<b>16.7%</b>	733	628	600	654	677	14.7%
<b>Multi-Unit Starts</b>	<b>27.2%</b>	402	316	300	339	348	0.5%
<b>Building Permits</b>	<b>10.1%</b>	1143	1038	1098	1093	1082	6.4%
<b>Single-Unit Permits</b>	<b>3.7%</b>	666	642	626	645	657	7.1%

Source: U.S. Census Bureau

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