

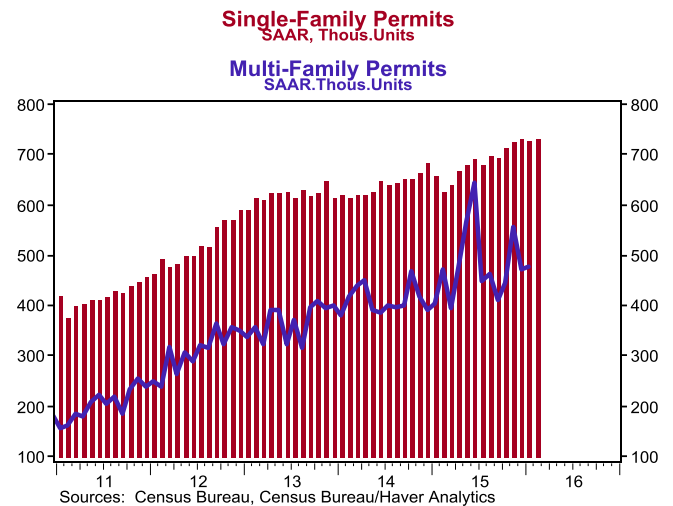
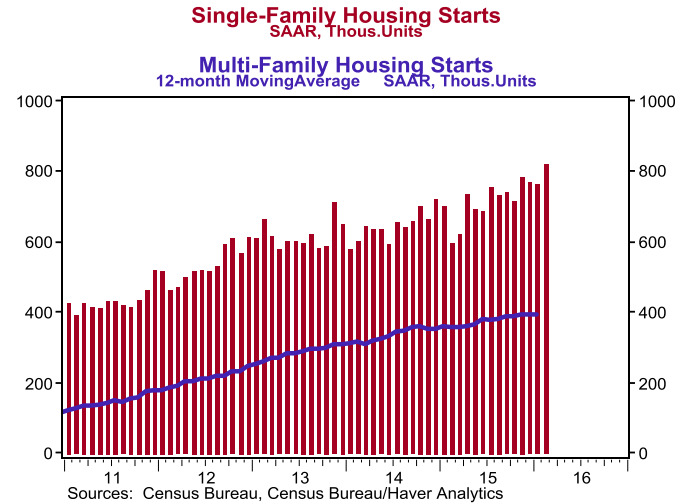
February Housing Starts

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- Housing starts increased 5.2% in February to a 1.178 million annual rate, beating the consensus expected 1.150 million. Starts are up 30.9% versus a year ago.
- The rise in starts in February was almost all due to an increase in single-family starts. Multi-family unit starts also rose slightly. In the past year, single-family starts are up 37.0% while multi-family starts are up 18.7%.
- Starts in February increased in the West, Midwest and South, but declined in the Northeast.
- New building permits slipped 3.1% in February to a 1.167 million annual rate, coming in short of the consensus expected 1.200 million. Compared to a year ago, permits for single-family units are up 16.8% while permits for multi-family homes are down 7.6%.

Implications: Housing starts bounced back in February, showing the housing recovery is alive and well. Housing starts rose 5.2% in February to a 1.178 million annual rate. Single-family starts led the way, accounting for almost all of the gain. Single-family starts are up a whopping 37% from a year ago, and are now the highest since 2007.

The more rapid gain in single-family starts is important because, on average, each single-family home contributes to GDP about twice the amount of a multi-family unit. Since the housing recovery started, multi-family construction has generally led the way. The number of multi-family units currently under construction is the highest since the early 1970s. But the *share* of all housing starts that are multi-family appears to have peaked last year as single-family building has accelerated. This doesn't mean multi-family construction is declining, just that it will likely grow more slowly from here as single-family construction grows more quickly. We can also see that shift in data on housing permits. Although permits slipped in February, they're still up 6.3% versus a year ago while single-family permits are up a strong 16.8%. We expect housing to continue to be a bright spot in 2016-17. Based on population growth and "scrappage," housing starts should rise to about 1.5 million units per year, 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, remained unchanged at 58 in March. Readings greater than 50 mean more respondents report good market conditions. One year ago, the overall index was at 52. Overall, housing continues to move higher. Even with higher mortgage rates, expect the sector to keep adding to real GDP growth in 2016.



Housing Starts SAAR, thousands	Monthly % Ch.	Feb-16 Level	Jan-16 Level	Dec-15 Level	3-mth moving avg	6-mth moving avg	Yr to Yr % Change
Housing Starts	5.2%	1178	1120	1159	1152	1152	30.9%
Northeast	-51.3%	73	150	155	126	129	58.7%
Midwest	19.9%	181	151	165	166	163	77.5%
South	7.1%	615	574	588	592	590	20.8%
West	26.1%	309	245	251	268	271	27.2%
Single-Unit Starts	7.2%	822	767	769	786	767	37.0%
Multi-Unit Starts	0.8%	356	353	390	366	385	18.7%
Building Permits	-3.1%	1167	1204	1204	1192	1187	6.3%
Single-Unit Permits	0.4%	731	728	732	730	721	16.8%

Source: U.S. Census Bureau