

May 19, 2009

Housing Starts Dropped Sharply as Multi-Family Activity Collapsed

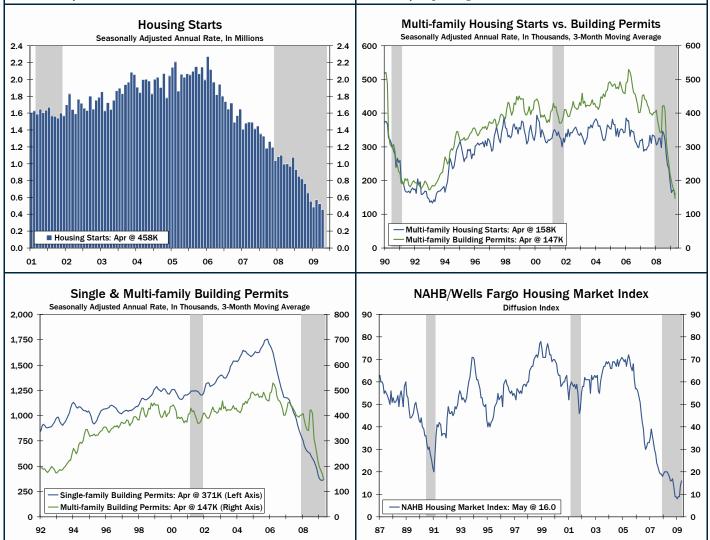
Starts dropped to a new all-time low of just 458,000 units as multi-family activity dropped to a mere 90,000 units at an annual pace. The more volatile multi-family series has been the driver behind several large drops in recent months. Single-family activity managed a second straight gain giving some credence to a bottoming process.

Starts Dropped Again

- Starts dropped 12.8 percent led by a more than 46 percent decline in multi-family activity. Single-family activity actually moved higher for the second straight month, up 2.8 percent.
- Building permits showed a similar picture to starts, with the headline pushed lower by a big drop in multi-family activity.
 The single-family market appears to be establishing a bottom and may level out as we move into summer.

Multi-Family Collapsed

- Multi-family activity has been hammered in recent months; starts are down 72.3 percent over the past year and permits nearly as much. This market will likely remain under pressure.
- In a separate release yesterday, the NAHB/Wells Fargo builders' sentiment index moved higher again. While still at an extremely depressed level of 16, we are encouraged by builders' slowly improving sentiment.



Wachovia Economics Group publications are published by Wachovia Capital Markets, LLC ("WCM"). WCM is a US broker-dealer registered with the US Securities and Exchange Commission and a member of the New York Stock Exchange, the Financial Industry Regulatory Authority, and the Securities Investor Protection Corp. This report is for your information only and is not an offer to sell, or a solicitation of an offer to buy, the securities or instruments named or described in this report. Interested parties are advised to contact the entity with which they deal, or the entity that provided this report to them, if they desire further information. The information in this report has been obtained or derived from sources believed by Wachovia Capital Markets, LLC, to be reliable, but Wachovia Capital Markets, LLC, does not represent that this information is accurate or complete. Any opinions or estimates contained in this report represent the judgment of Wachovia Capital Markets, LLC, at this time, and are subject to change without notice. © 2009 Wachovia Capital Markets, LLC.