



Economics Group

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Housing Starts Rose Solidly in August

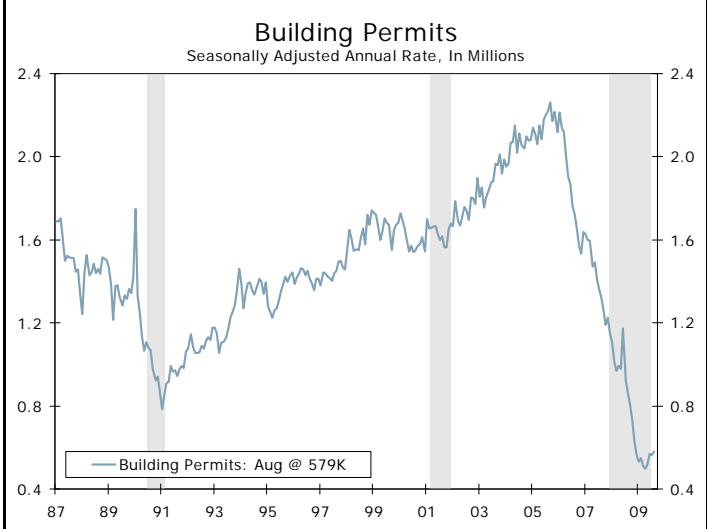
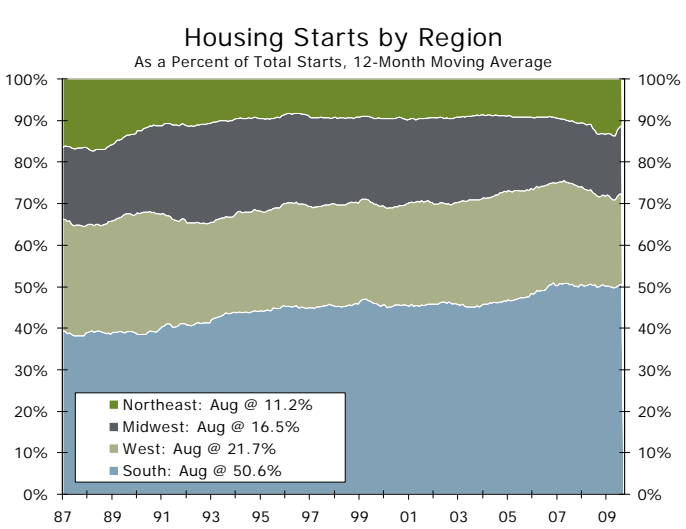
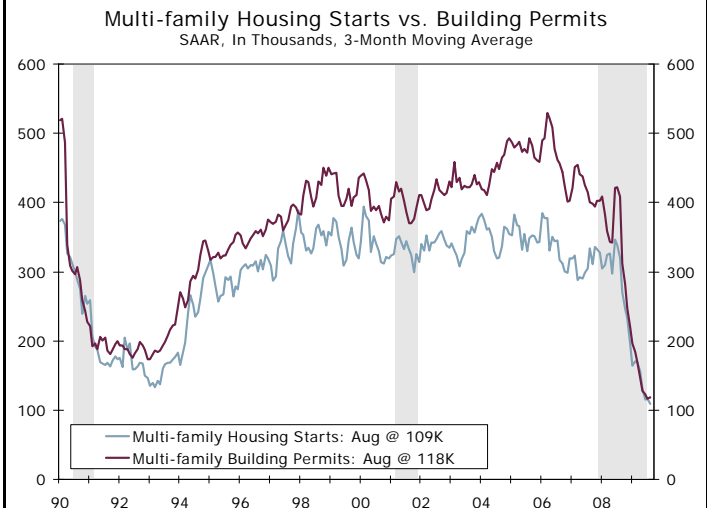
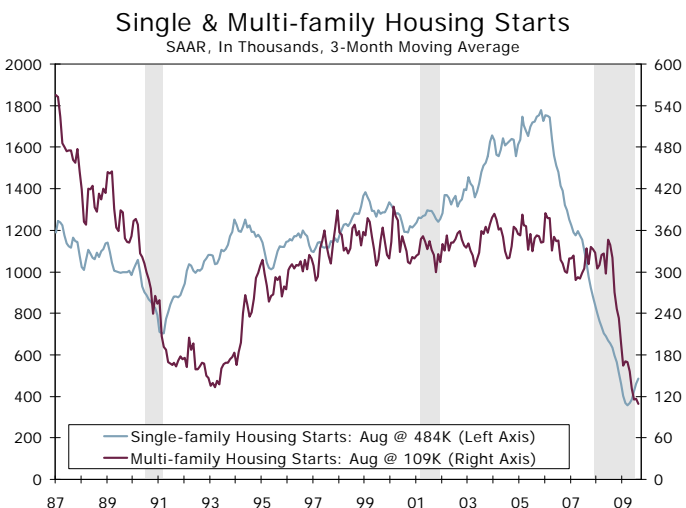
Housing starts rose 1.5 percent in August, led by a 25.3 percent rebound in multi-family starts. Single-family starts slipped 3.0 percent, the first decline since February. Permits rose to the highest level in nine months.

Housing Starts Claw Their Way Back

- Single-family starts fell 3.0 percent in August, which may indicate that the lift from the \$8,000 tax credit for first-time buyers is waning. Buyers must close on purchases by November 30. Single-family starts had risen for five straight months.
- Starts rose the most in the Northeast but fell in the South and were unchanged in the West.

Multi-Family Permits Rebound off Cycle Lows

- Multi-family permits rose 15.8 percent. The increase comes off cycle lows, however, and activity remains exceptionally weak.
- Permits for future construction rose 2.7 percent in August and remain slightly below starts, indicating starts may soon level off.
- Homebuilding should make a slight contribution to second half GDP growth. The impact, however, may be muted by the larger share of smaller homes being built for first-time home buyers.



Source: U.S. Department of Commerce and Wells Fargo Securities, LLC

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