

Economics Group

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Housing Starts Pull Back In December

Entirely driven by a reversal in multifamily starts, total housing starts declined to a 657,000-unit pace in December. Single-family starts posted their third straight modest monthly gain.

SF Starts Stand at Highest Level Since April 2010

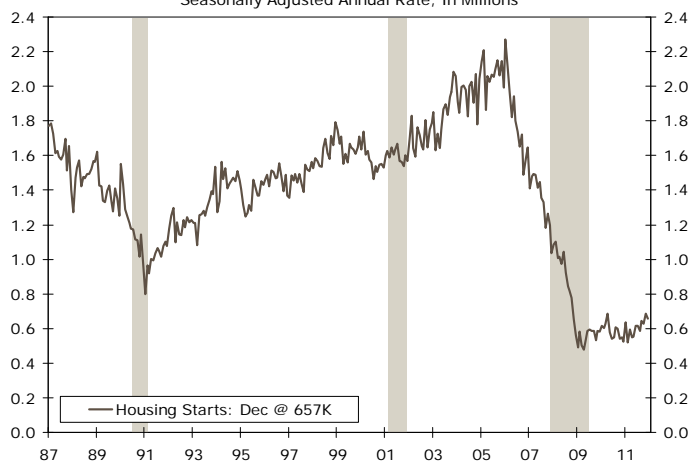
- While single family starts improved last month, the 32 percent gain in the Midwest largely accounted for December's increase.
- Following a 23 percent rise in November, the volatile multifamily sector pulled backed 20.4 percent last month. We believe the pickup in apartment demand will continue through 2012 and account for a marked increase in multifamily construction to around 230,000 units.

Remain Cautious Interpreting Current Housing Data

- While recent housing data has improved, we would continue to stress caution, as some of this improvement is due to the unseasonably mild weather that much of the nation has experienced. As a result, we have seen more new construction and sales than would normally occur during the seasonally slow winter months. Bottom line, do not get carried away with the recent improvement; housing still has a long way to go.

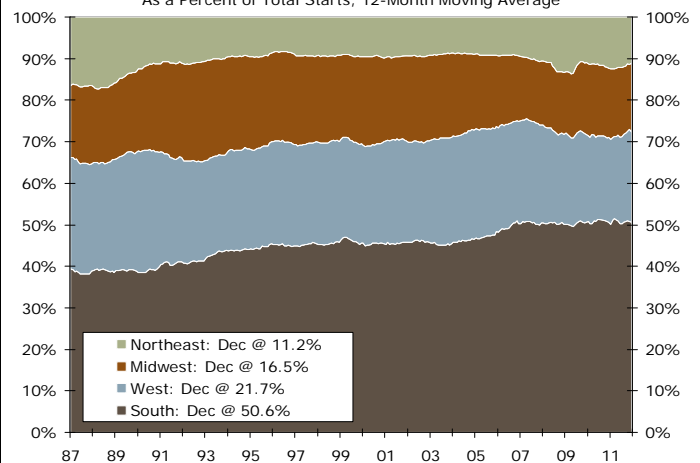
Housing Starts

Seasonally Adjusted Annual Rate, In Millions



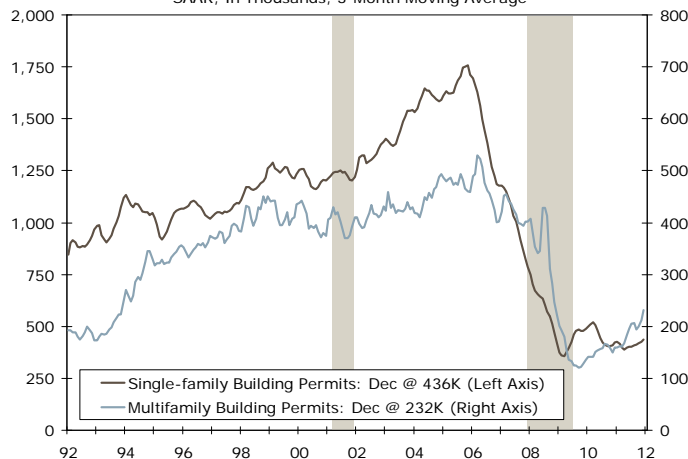
Housing Starts by Region

As a Percent of Total Starts, 12-Month Moving Average



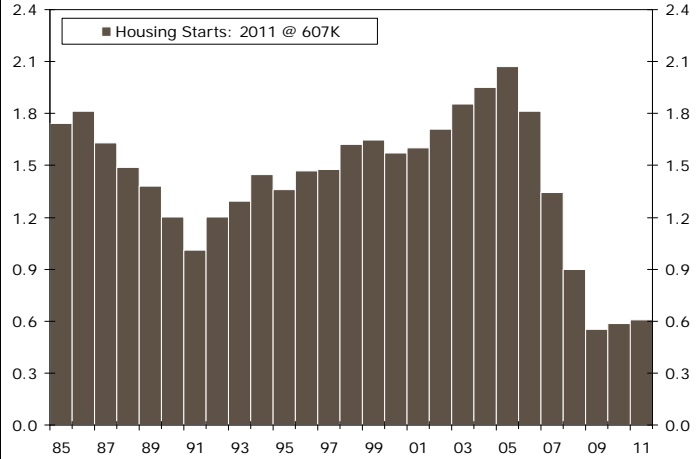
Single & Multifamily Building Permits

SAAR, In Thousands, 3-Month Moving Average



Housing Starts

In Millions



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

Wells Fargo Securities, LLC Economics Group

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