



# Economics Group

**Mark Vitner, Senior Economist**  
[mark.vitner@wellsfargo.com](mailto:mark.vitner@wellsfargo.com) • (704) 383-5635  
**Anika R. Khan, Economist**  
[anika.khan@wellsfargo.com](mailto:anika.khan@wellsfargo.com) • (704) 715-0575

## Housing Starts Perk Up in June

**Housing starts rose a larger-than-expected 14.6 percent in June. While a 30.4 percent jump in multifamily starts accounts for much of the gain, single-family starts rose 9.4 percent and permits also increased.**

### A Slightly Better Trend for Homebuilding

Housing starts rose 14.6 percent to a 629,000-unit pace in June, marking the best month for homebuilding this year. There have been anecdotal reports of improvement in a handful of markets around the country, and the June data generally support this notion. Single-family starts rose 9.4 percent to a 453,000-unit pace. That puts single-family starts back up at the high end of the range they have averaged since the homebuyer tax credit program ended last spring. Multifamily starts surged 30.4 percent in June, with most of the increase coming in apartment construction.

Starts increased in every region of the country, rising 35.1 percent in the Northeast, 25.3 percent in the Midwest, 10.6 percent in the South and 5.4 percent in the West. The Midwest and South saw the largest gains in single-family starts, with the Midwest posting an uncharacteristically strong 22.5 percent rise to an 87,000-unit pace. The South, which typically accounts for about half of the nation's single-family starts, saw single-family starts rise 8.6 percent to a 239,000-unit pace. Both regions saw extensive damage from tornados this spring, and some of this past month's gain may reflect rebuilding activity. The Midwest alone accounted for nearly half of June's overall rise in single-family starts, although this region accounts for less than 20 percent of new single-family home construction.

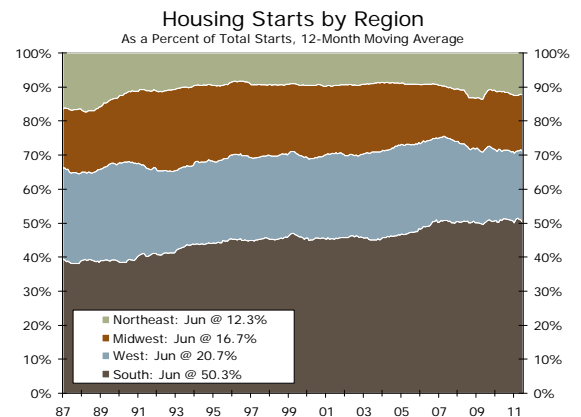
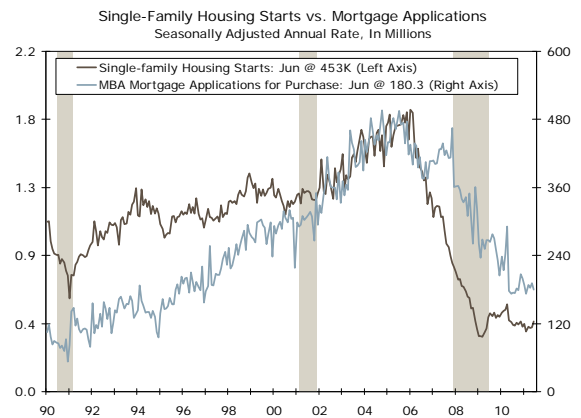
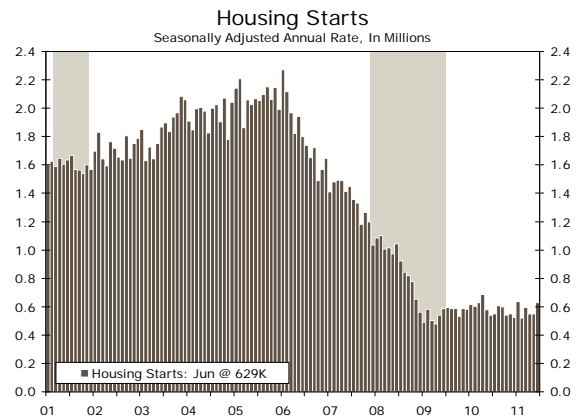
June's huge 30.4 percent jump in multifamily starts likely reflects firming in the apartment market. Apartment vacancy rates have fallen 1.8 percentage points over the past year, and rents have been rising steadily. Multifamily starts also increased in every region, but increased the most in the Northeast, where rents have firmed the most.

### Single-Family Permits Point To A Firming Trend

Permits for future construction rose 2.5 percent in June to a 624,000-unit pace, marking the second consecutive monthly gain. Permits for new multifamily projects rose 6.9 percent, following a 20.8 percent rise the prior month. By contrast, single-family permits rose just 0.2 percent. The gain, however, marked the fourth consecutive monthly increase, which marks the longest string of gains in single-family permits since the homebuyer tax credit program ended last spring.

### Looking Ahead...

Just as many other indicators appeared to fade, housing starts are looking a little better. Apartment construction has perked up and single-family starts appear to have risen a bit from the lows hit after the homebuyer tax credit program ended. Rebuilding activity in the South and Midwest will likely continue to aid starts during the second half of the year. The recovery will remain sluggish, however, with starts not likely to pick up in a big way until employment conditions and consumer confidence improve.



## Wells Fargo Securities, LLC Economics Group

Diane Schumaker-Krieg	Head of Research & Economics	(704) 715-8437 (212) 214-5070	diane.schumaker@wellsfargo.com
Paul Jeanne	Associate Director of Research & Economics	(443) 263-6534	paul.jeanne@wellsfargo.com
John E. Silvia, Ph.D.	Chief Economist	(704) 374-7034	john.silvia@wellsfargo.com
Mark Vitner	Senior Economist	(704) 383-5635	mark.vitner@wellsfargo.com
Jay Bryson, Ph.D.	Global Economist	(704) 383-3518	jay.bryson@wellsfargo.com
Scott Anderson, Ph.D.	Senior Economist	(612) 667-9281	scott.a.anderson@wellsfargo.com
Eugenio Aleman, Ph.D.	Senior Economist	(704) 715-0314	eugenio.j.aleman@wellsfargo.com
Sam Bullard	Senior Economist	(704) 383-7372	sam.bullard@wellsfargo.com
Anika Khan	Economist	(704) 715-0575	anika.khan@wellsfargo.com
Azhar Iqbal	Econometrician	(704) 383-6805	azhar.iqbal@wellsfargo.com
Ed Kashmarek	Economist	(612) 667-0479	ed.kashmarek@wellsfargo.com
Tim Quinlan	Economist	(704) 374-4407	tim.quinlan@wellsfargo.com
Michael A. Brown	Economist	(704) 715-0569	michael.a.brown@wellsfargo.com
Tyler B. Kruse	Economic Analyst	(704) 715-1030	tyler.kruse@wellsfargo.com
Joe Seydl	Economic Analyst	(704) 715-1488	joseph.seydl@wellsfargo.com
Sarah Watt	Economic Analyst	(704) 374-7142	sarah.watt@wellsfargo.com

Wells Fargo Securities Economics Group publications are produced by Wells Fargo Securities, LLC, a U.S broker-dealer registered with the U.S. Securities and Exchange Commission, the Financial Industry Regulatory Authority, and the Securities Investor Protection Corp. Wells Fargo Securities, LLC, distributes these publications directly and through subsidiaries including, but not limited to, Wells Fargo & Company, Wells Fargo Bank N.A, Wells Fargo Advisors, LLC, and Wells Fargo Securities International Limited. The information and opinions herein are for general information use only. Wells Fargo Securities, LLC does not guarantee their accuracy or completeness, nor does Wells Fargo Securities, LLC assume any liability for any loss that may result from the reliance by any person upon any such information or opinions. Such information and opinions are subject to change without notice, are for general information only and are not intended as an offer or solicitation with respect to the purchase or sales of any security or as personalized investment advice. Wells Fargo Securities, LLC is a separate legal entity and distinct from affiliated banks and is a wholly owned subsidiary of Wells Fargo & Company © 2011 Wells Fargo Securities, LLC.

SECURITIES: NOT FDIC-INSURED/NOT BANK-GUARANTEED/MAY LOSE VALUE

