



Economics Group

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Housing Starts Rose More Than Expected in August

Housing starts rose 10.5 percent in August, which was well above expectations. Starts of single family homes increased 4.3 percent, the first monthly increase since April. Multi-family starts rose 32.2 percent.

Housing Starts Deliver a Welcome Surprise

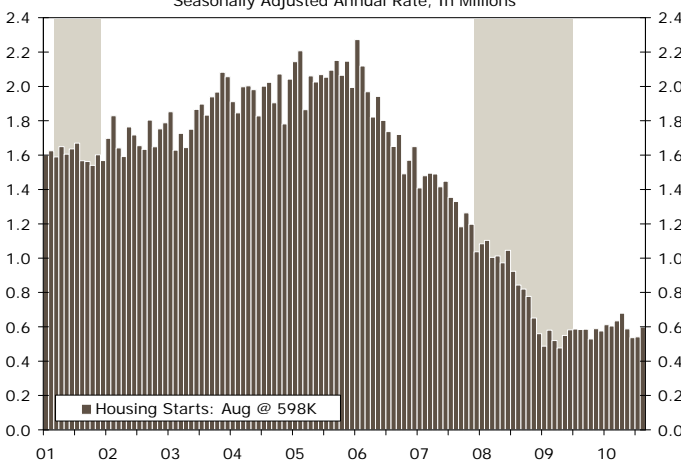
- Housing starts increased well above expectations in August to a 598K-unit pace from a downwardly revised 541K pace in July. While the increase is welcome and suggests the payback from the homebuyers' tax credit could be over, starts remain at very depressed levels. A sustained recovery in housing is still a ways off. Multi-family starts jumped 32.2 percent in August, which is consistent with improving apartment fundamentals.

Permits Still Point to Housing Weakness

- Permits for new single family homes fell 1.2 percent and are running below the current pace of construction, which suggests little to no improvement over the next few months.
- The National Association of Home Builders/Wells Fargo Housing Market Index remained at very depressed levels in September. The downward trend in builder sentiment, sales and permits continues to suggest housing market weakness.

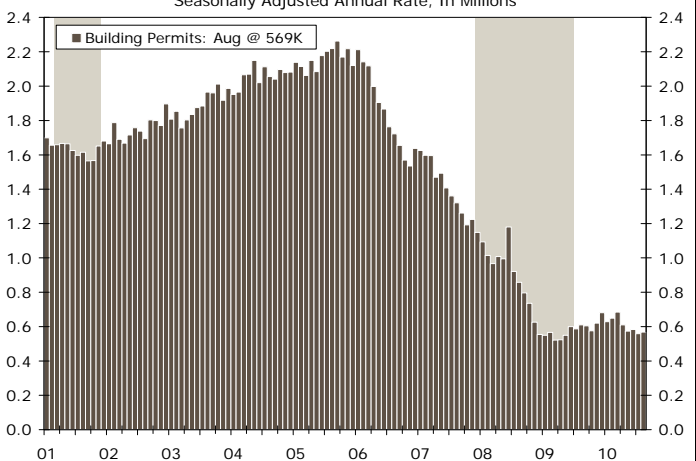
Housing Starts

Seasonally Adjusted Annual Rate, In Millions



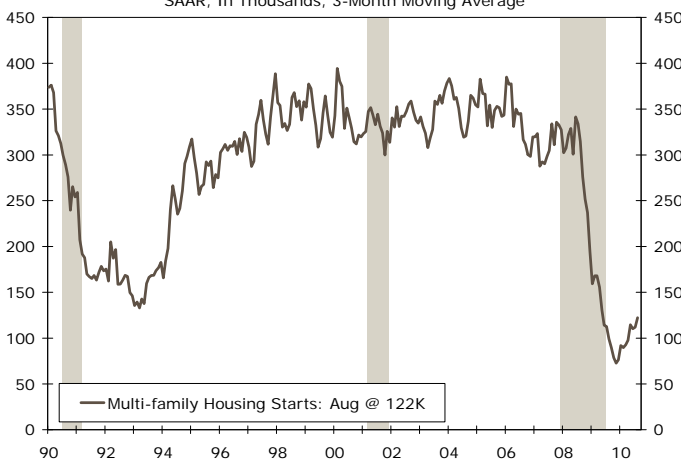
Building Permits

Seasonally Adjusted Annual Rate, In Millions



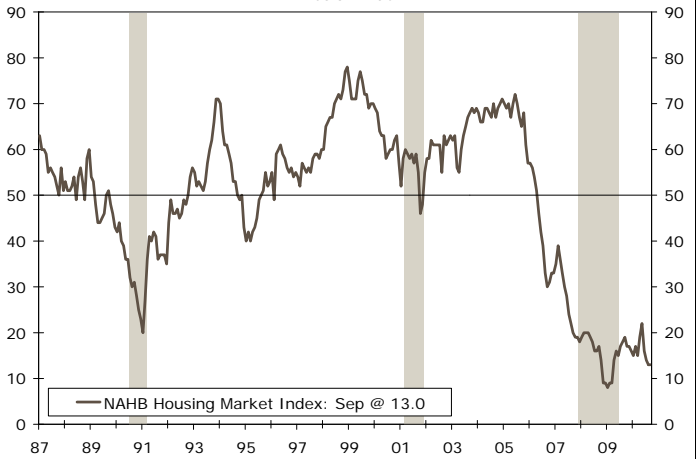
Multifamily Housing Starts

SAAR, In Thousands, 3-Month Moving Average



NAHB/Wells Fargo Housing Market Index

Diffusion Index



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