

Economics Group

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Housing Starts Pull Back Sharply in October

Housing starts plummeted 10.6 percent in October as the planned ending of the first-time home-buyers tax credit caused builders to ratchet back new construction. Multi-family permits also plunged over the month.

Housing Starts See a Big Payback

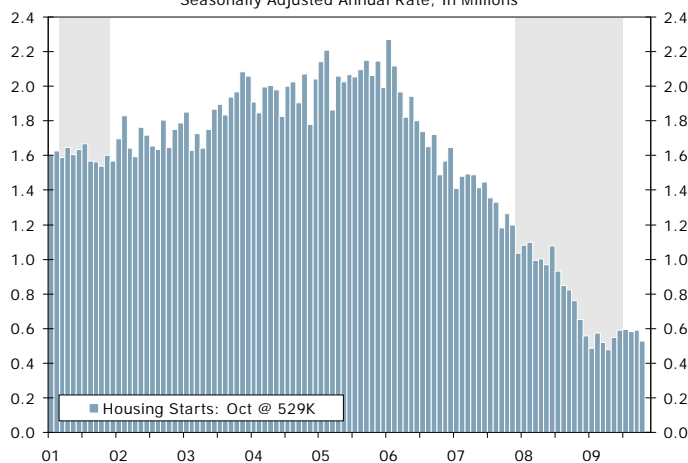
- Builders appear to have pulled back on starts of new single-family homes in October as they awaited news about whether the first-time home-buyers tax credit would be extended.
- Outside of the earlier bump in demand due to the tax-credit, demand for new homes remains exceptionally weak. Builder confidence remains near its all-time lows and few firms note any improvement in buyer traffic.

Apartment Construction Appears Set for a Slow Spell

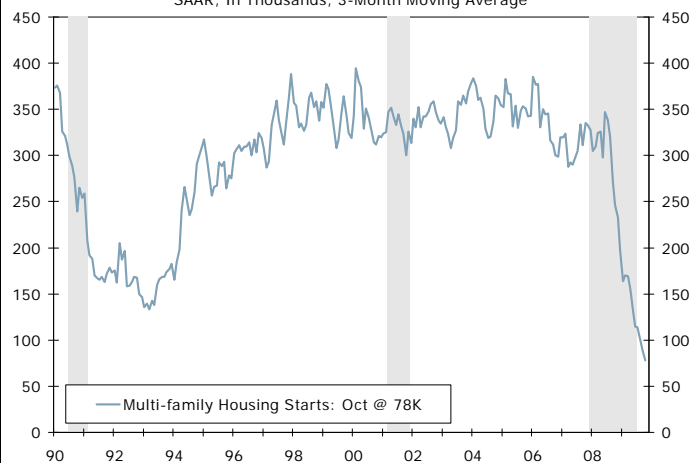
- Multi-family starts plunged 34.6 percent in October and have averaged just a 78,000-unit pace over the past three months. Scores of vacant townhomes, condominiums and apartments have pushed up vacancy rates and cut rents, making new multi-family projects much less viable.
- Completions continue to decline on trend, which will ultimately help bring the housing market back into balance.

Housing Starts

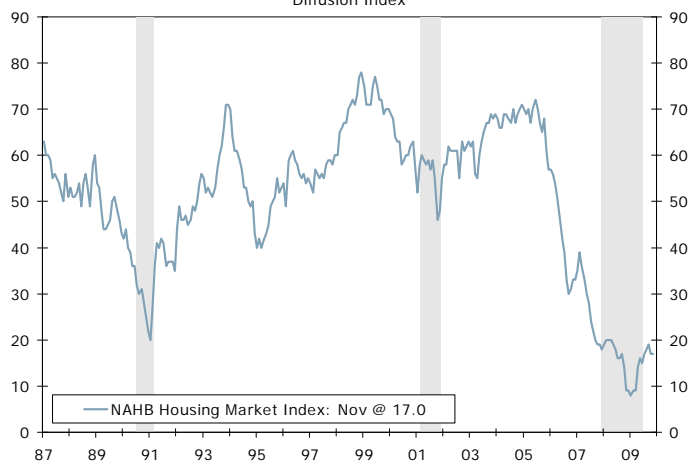
Seasonally Adjusted Annual Rate, In Millions

**Multi-family Housing Starts**

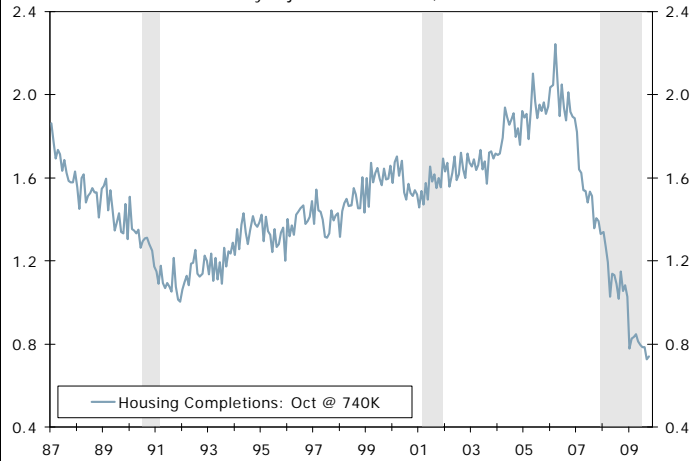
SAAR, In Thousands, 3-Month Moving Average

**NAHB/Wells Fargo Housing Market Index**

Diffusion Index

**Housing Completions**

Seasonally Adjusted Annual Rate, In Millions



Source: U.S. Department of Commerce, National Association of Home Builders and Wells Fargo Securities, LLC

Wells Fargo Securities, LLC Economics Group

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