



Economics Group

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Housing Starts Plunge in April as Weather Holds Back Activity

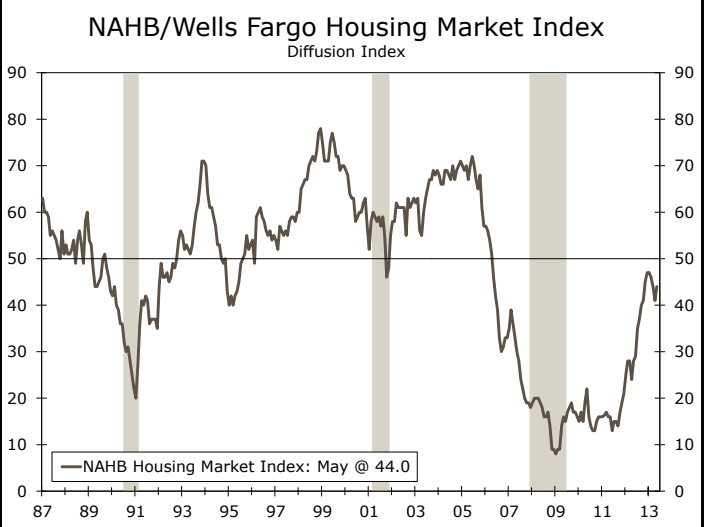
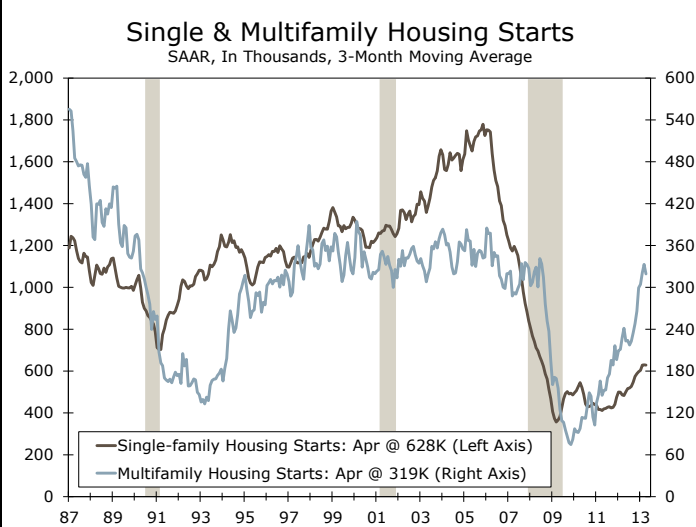
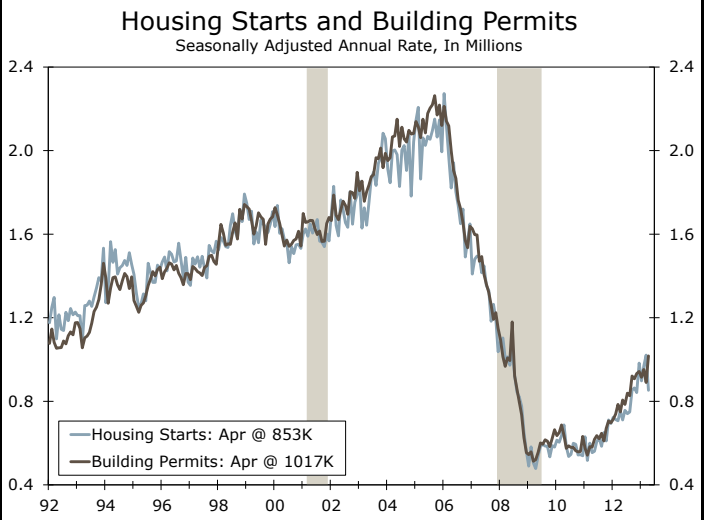
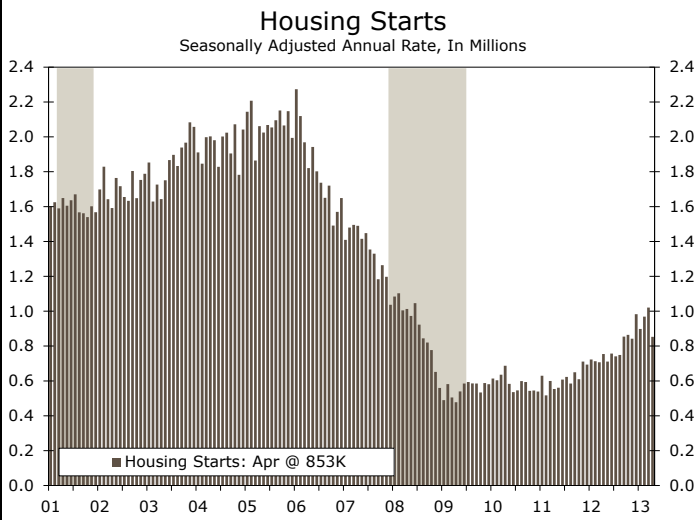
After a blowout report in March, starts plunged 16.5 percent in April, with both single- and multifamily starts tumbling. Permits rose sharply, however, and builders sound downright giddy about sales prospects.

Starts Tumbled Back Below Permits

- April's 16.5 percent plunge in housing starts is less alarming when paired with the 14.3 percent rise in permits reported that month. Inclement weather likely delayed some starts, which should produce a nice rebound in May.
- After spiking in March, multifamily starts plunged 38.9 percent in April and were responsible for most of the swing in overall starts. Multifamily permits rose nearly 40 percent in April.

Single-Family Starts Dip, But Builders Sound Giddy

- Single-family starts fell 2.1 percent in April, marking the second consecutive monthly drop. Starts had been running ahead of permits, however, so the drop was not a surprise. Permits for single-family homes rose 3.0 percent to a 617,000-unit pace.
- Builder confidence improved in May and the tone of recent builder conferences has been downright giddy. Demand is improving but lots, labor and materials are in short supply.



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

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