

## Housing Starts (November)

- Housing starts were about in line with expectations, falling 3.7% to 1.19 million units in November from 1.23 million units in October. Single-family starts fell 5.4% in November, while multi-family starts rose 0.6%.
- Building permits fell 1.5% in November, also about in line with forecasts, to 1.15 million units from 1.17 million units in the prior month. Single-family permits fell 5.6% in November, while multi-family permits rose 7.5%.

	<u>Nov</u>	<u>Oct</u>	<u>Sep</u>	<u>3-Month Change</u>	<u>12-Month Change</u>
Housing starts	1.187m	1.232m	1.182m	1.347m*	1.565m*
Percent chg., starts	-3.7%	4.2%	-12.2%	-39.7%	-24.2%
Single-family starts	-5.4%	-6.6%	-3.7%	-47.5%	-34.9%
Multi-family starts	0.6%	45.9%	-34.6%	-15.1%	22.6%
<i>By region</i>					
Northeast	-16.3%	8.5%	46.9%	216.0%	-16.3%
Midwest	-1.5%	19.9%	-29.9%	-53.0%	-11.0%
South	0.3%	-0.2%	-13.9%	-44.7%	-27.4%
West	-6.9%	1.9%	-12.9%	-53.5%	-28.3%
Building permits	1.152m	1.170m	1.261m	1.322m*	1.527m*
Percent chg., permits	-1.5%	-7.2%	-4.6%	-42.3%	-24.6%
Single-family permits	-5.6%	-7.8%	-6.1%	-55.2%	-33.7%
Multi-family permits	7.5%	-6.0%	-1.0%	0.0%	3.5%
Authorized, not started	-3.7%	-6.6%	-2.9%	-41.7%	-12.0%

\*3- & 12-months ago

**BOTTOM LINE:** Thus far in the fourth quarter, housing starts are falling at a slightly slower rate than that seen in the third quarter. Nonetheless, residential investment appears to be on track to subtract significantly from GDP growth again in the fourth quarter. In addition, the faster pace of decline in building permits thus far in the fourth quarter points to further substantial declines in construction activity in early 2008.

**John Ryding**, Chief U.S. Economist (212) 272-4221  
jryding@bear.com

**Conrad DeQuadros**, Senior Economist (212) 272-4026  
cdequadros@bear.com

**Meghna Mittal**, Associate Economist (212) 272-1961  
mamittal@bear.com

**December 18, 2007**