



Economics Group

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Housing Starts Continue to Fall in June

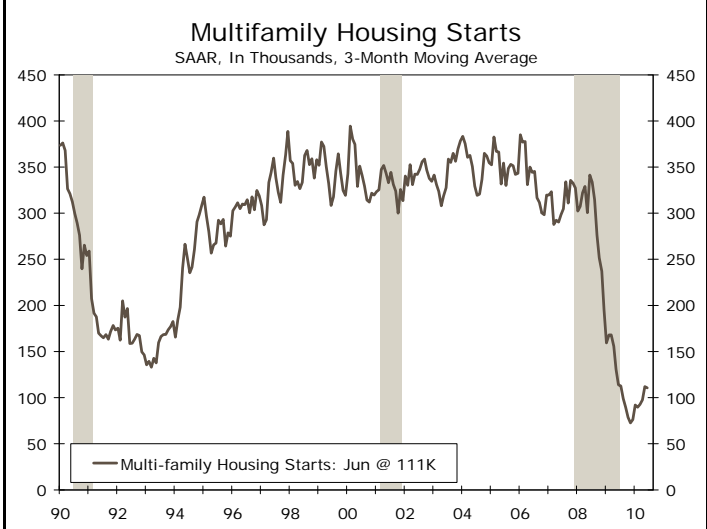
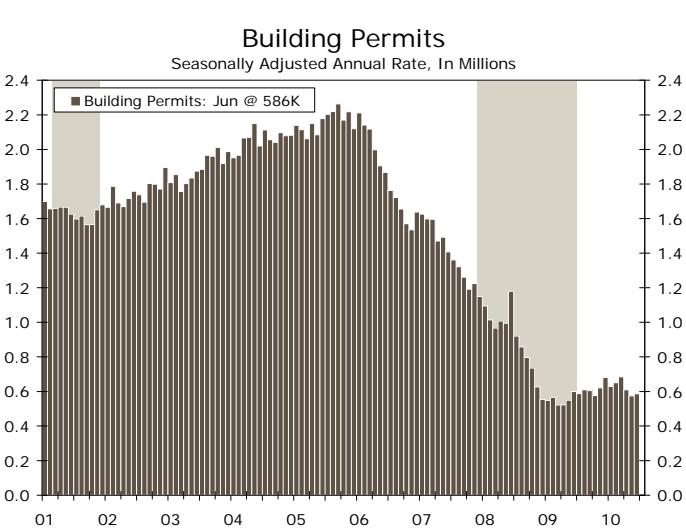
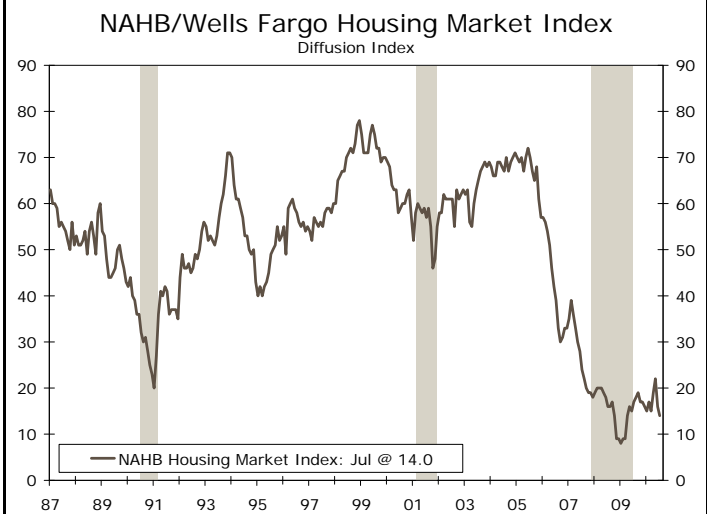
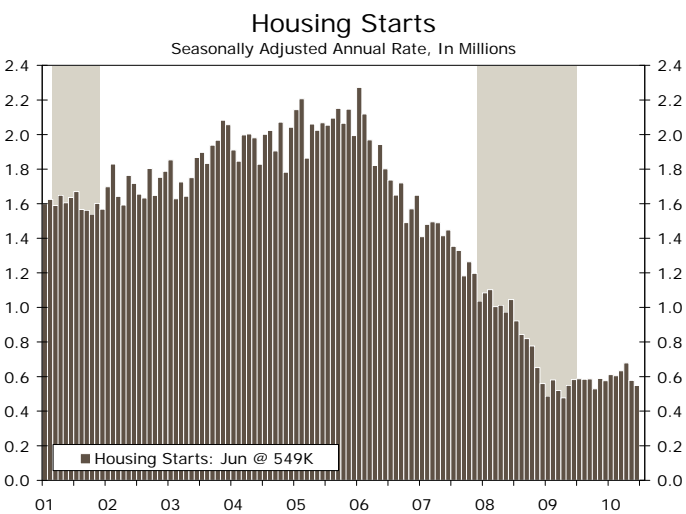
Housing starts fell 5.0 percent in June, as the expiration of the homebuyers' tax credit led to a pullback in new building. Single-family starts slipped 0.7 percent. Permits for multi-family, however, rose 19.6 percent.

Homebuyer Tax Credit Expiration Exasperation

- The expiration of the homebuyers' tax credit weighed down housing starts for the second consecutive month. Starts fell 5.0 percent to a 549K-unit pace in June from a downwardly revised 578K-unit pace in May. Builders have very little confidence to build speculative homes and credit remains hard to obtain.
- Multi-family permits rose 19.6 percent in June, which is consistent with improving apartment market fundamentals.

Builder Sentiment Remains Exceptionally Low

- The National Association of Home Builders/Wells Fargo Housing Market Index declined for the second consecutive month in April to its lowest level in over a year as homebuilders remained less confident about housing market conditions. The downward trend in builder sentiment, mortgage applications, sales, permits and starts continues to suggest residential construction will likely fall this summer.



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

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