



Economics Group

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Housing Starts Increased But Still Disappointed

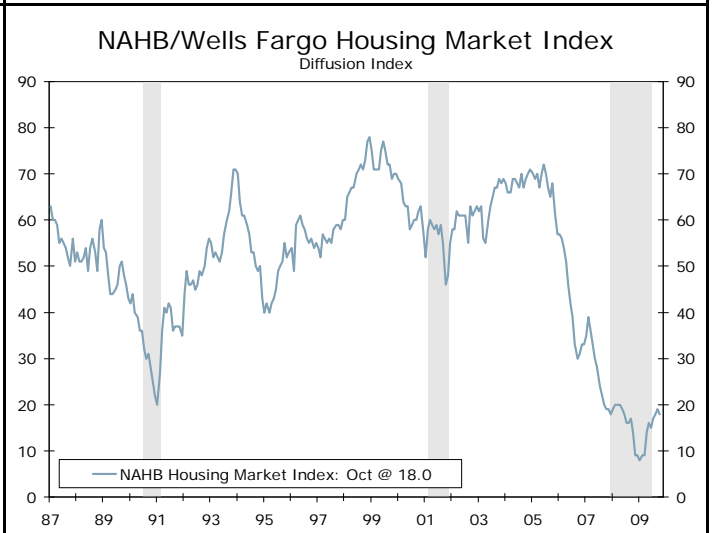
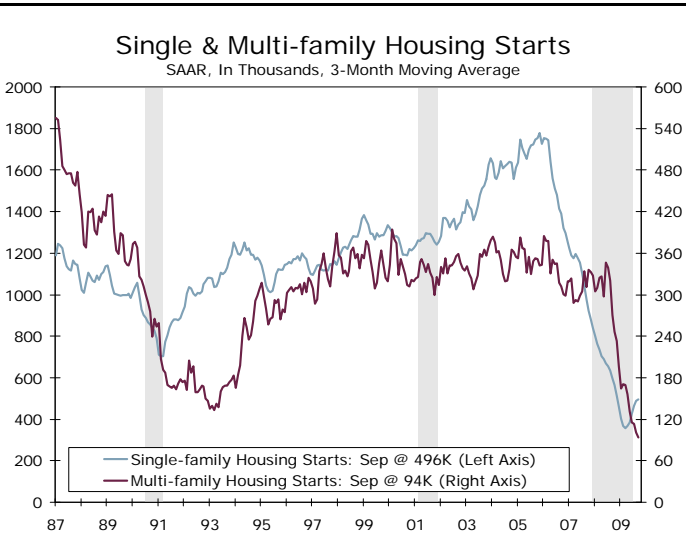
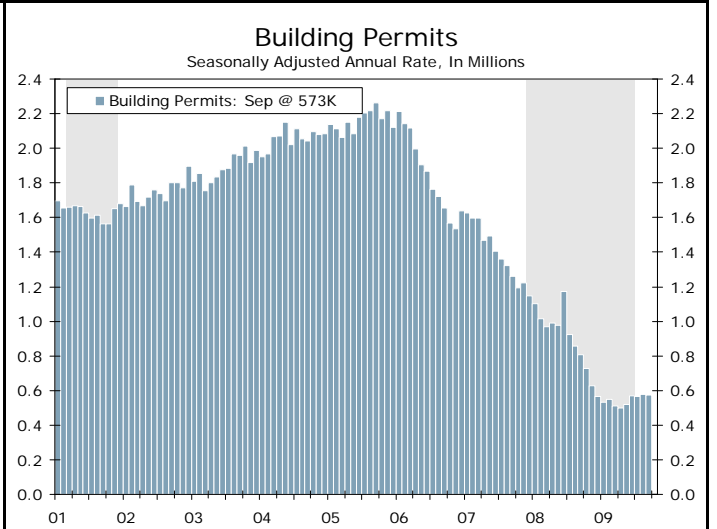
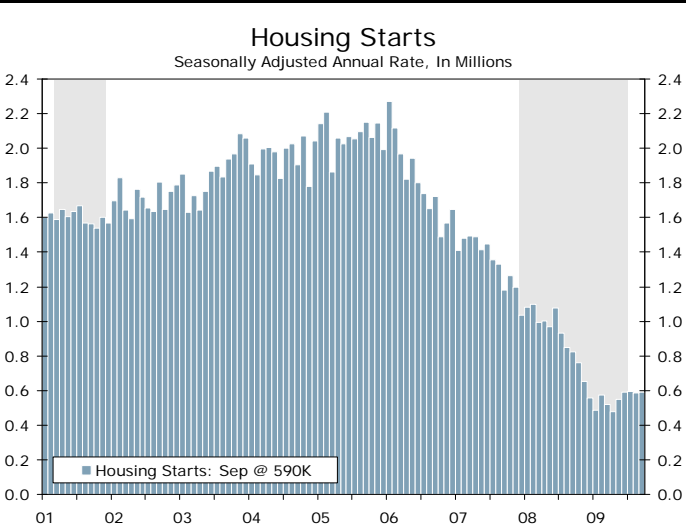
Housing starts edged slightly higher to a 590K unit pace in September, up from a downwardly revised 587K in August. We expect housing starts will hang near the 600K level into next year.

Starts Slightly Higher with Gains in Single-Family

- Starts edged higher with gains in single-family more than offsetting declines in multi-family properties. Multi-family activity remains exceedingly weak. However, some stability in single-family starts seems to be holding with the second reading of more than 500K in the last three months.
- The looming expiration of the homebuyer tax credit has likely begun to affect new construction at this point.

Permits and Sentiment Weaker

- Building permits dropped slightly, but have held relatively level over the past few months. Permit issuance would support some leveling out in construction activity as we move into the winter, when data normally become more volatile.
- In a separate release yesterday, the NAHB/Wells Fargo builders' sentiment index edged lower for the first time since January. Prospective buyer traffic saw its weakest reading since July.



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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