

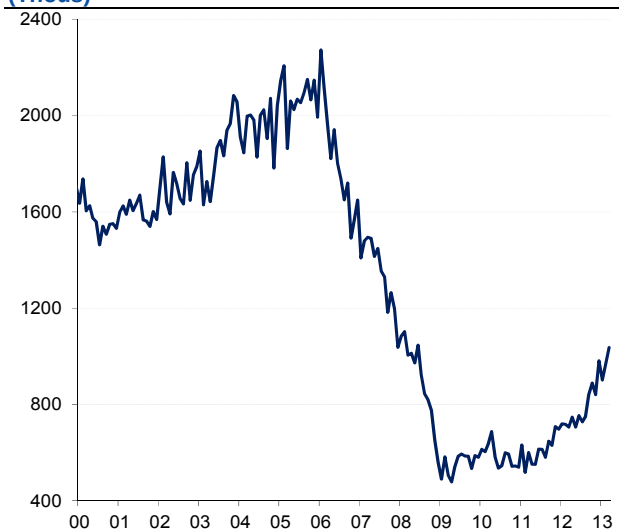
U.S. Flash

Housing Starts Surge To Highest Level Since June 2008

- Housing starts jumped 7% to the highest level since the beginning of the recession
- Building permits fell 3.9% as multi-family structures dragged down issuances

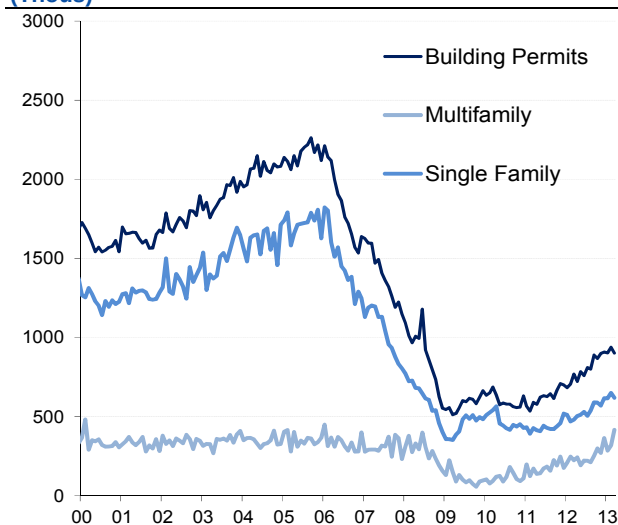
Housing starts and building permits for March tell a mixed story but the overall sentiment seems to be positive. Housing starts rose to their highest level in almost 4 years at 1.036M units as multifamily structures surged 31%, suggesting an influx of rental properties on the horizon. Single family starts continue to fumble as tight credit and rising costs are limiting construction for a sizeable amount of the smaller companies. On a YoY basis housing starts continue to impress, up 46.7% in March signifying that growth in the housing market will continue into the year as supply remains low. The South and Midwest continue to grow at a quick pace while the Northeast has stumbled, down for two of the past three months. The West, which arguably saw the worst of the property boom, and subsequent bust, is nonetheless showing a strong upward trend growing at a YoY rate of 53.7%. Building permits fell in March however, down 3.9% over February as multifamily permit issuance declined by nearly 10%, its largest monthly decline since October. This could be a negative signal for housing starts in the near future as permits are a leading indicator, though we continue to expect that housing activity will remain supportive of a stronger recovery as we move through 2013.

Chart 1
**Housing Starts
(Thous)**



Source: US Census Bureau & BBVA Research

Chart 2
**Building Permits, Single and Multifamily Structures
(Thous)**



Source: US Census Bureau & BBVA Research

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