

U.S. Housing Flash

Housing Starts Decline but Single Family Units Remain Strong

- Housing starts declined 9.9% in June with the majority of the drop in multi-family
- Building permits fell by 7.5%, marking the second straight decline since April

Housing starts saw a significant decline in June despite the strength in the housing market, falling almost 10% following a 8.9% increase in May. The series fell to its lowest level in ten months at 836K, but the situation itself is not as bleak as the headline purports. The majority of the decline in starts was focused in multifamily structures, which fell a sharp 26.2% after jumping 28.2% the month before. With multifamily housing starts hitting a prolific 111% YoY growth rate in December 2012, the decline as of late may be a sign that single family homes are getting more attention and home builders are beginning to focus on acquiring as much of the real estate sector as possible. With that in mind, single family home starts fell only 0.8%, far less than the headline 9.9% drop would suggest. In terms of regions, the Northeast and South saw the heaviest declines in June, both dropping 12%. The Midwest and West fared a little better, declining 7.3% and 5.4% respectively, but remain a smaller share overall of total housing starts in the U.S. Specifically, this marks the fifth straight month of declines for the Western region with a 21% decline in starts since January.

Turning to permits, the situation is much the same. Multifamily housing units declined heavily in June, plummeting 21.4% for the largest monthly rate of decline since July 2009. This helps to embolden the notion that home builders may be slowing their rate of construction with regard to multifamily units given that current availability has increased. Single family units fared significantly better, however, rising 0.7% for the third consecutive monthly gain. Overall, the report conveys the growing trend toward single family units rather than the multifamily structures as home prices incentivize construction.

Chart 1
Housing Starts, Single and Multifamily Structures (Thous)

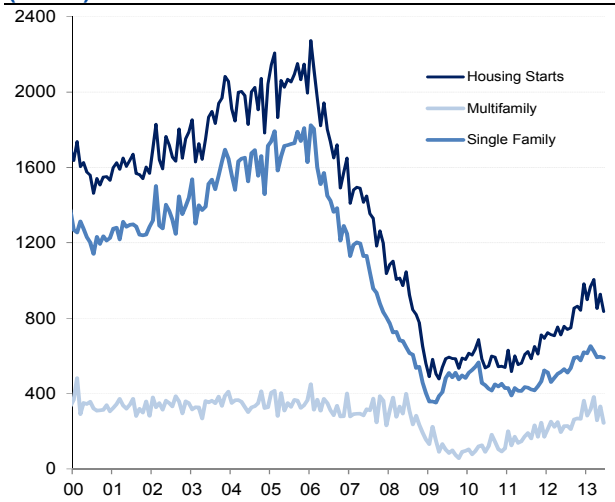
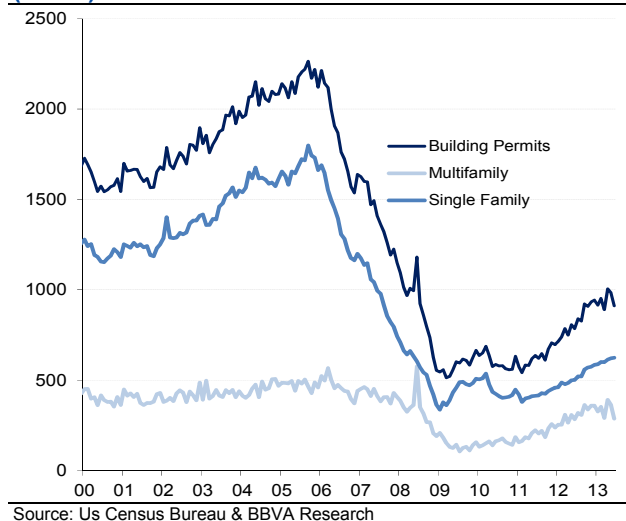


Chart 2
Building Permits, Single and Multifamily Structures (Thous)



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