

# U.S. Data Review

- Housing starts: marked decline, probably weather related

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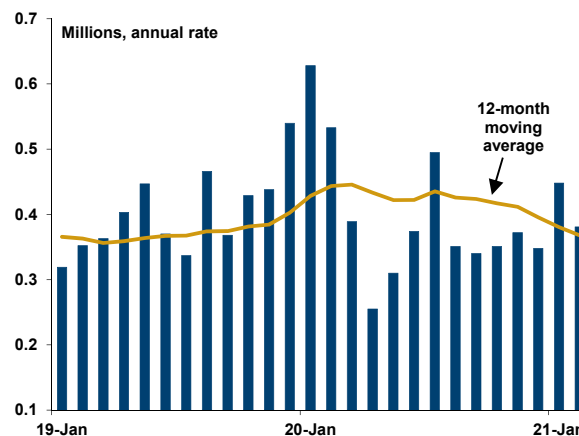
## Housing Starts

Total housing starts tumbled 10.3 percent in February, far weaker than the expected drop of 1.3 percent. Results in the prior two months were revised downward by a small amount (December and January combined were 0.2 percent lighter than previously believed). Although results were notably soft, we hesitate to draw conclusions from this report because the effects of adverse weather were no doubt pronounced. Activity could well be cooling from the robust pace in the fourth quarter, but we doubt that the sharp decline suggests the beginning of a downward trend.

Multi-family starts fell 15.0 percent in February, but the drop occurred from an elevated level in January and the new reading was still in line with results in the closing months of last year (chart, right). Considering the potential influence of the weather, this result seems favorable. Results in the single-family sector were more questionable. Activity fell 8.5 percent, much less than in the multi-family area, but the drop was enough to push results below the average in the fourth quarter (chart, below left). In addition, all of the downward revision in December and January occurred in the single-family sector. Results raise the possibility that the sharp edge to the market seen in December and January might be fading, but we would not conclude that activity is faltering.

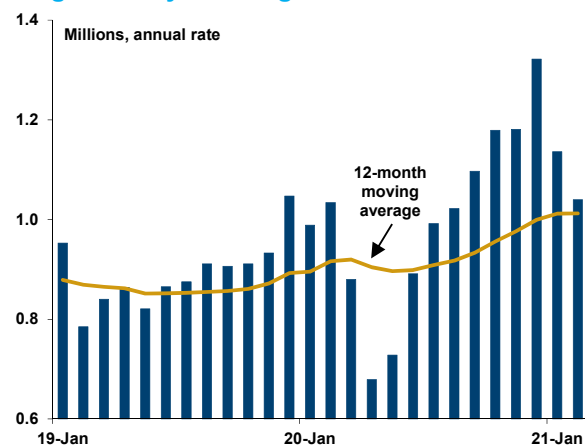
Building permits, which usually are less sensitive to weather than starts are, left a mildly encouraging picture. Single-family permits fell 10.0 percent, moving noticeably below the brisk results in December and January, but they were close to other recent readings before December (chart, below right). With single-family permits still within the recent range, new home construction should be reasonably well maintained.

## Multi-Family Housing Starts



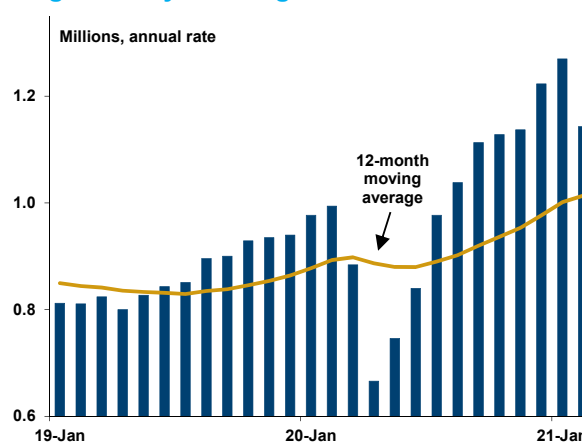
Source: U.S. Census Bureau via Haver Analytics

## Single-Family Housing Starts



Source: U.S. Census Bureau via Haver Analytics

## Single-Family Building Permits



Source: U.S. Census Bureau via Haver Analytics

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