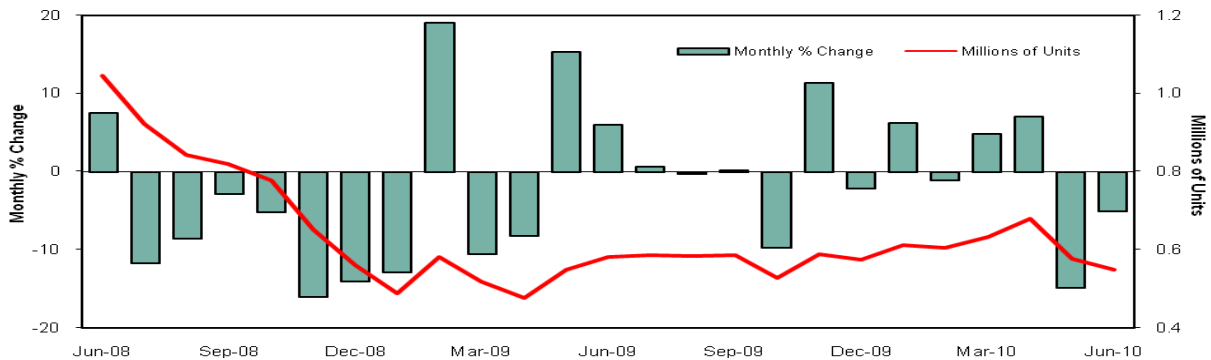


ANOTHER TUMBLE

Housing Starts – Tuesday July 20, 2010



Housing starts tumbled again in June, falling 5.0% to an annualized pace of 549k, less than an expected rate of 575k. In addition, May starts were downwardly revised by about 5.0%. Housing starts are now 5.8% below their year ago level and are down a stunning 75.8% from their January 2006 peak. Single family housing starts slipped 0.7% in June to an annual pace of 454k which is slightly higher than the 2009 pace but still off a substantial 75.1% from a record high reached in January 2006. Single family construction accounts for nearly 80% of the entire sector these days, down from a long term average of around 25% so single family starts carry the overall trend which for now is weak but fairly stable. Multifamily construction starts remain highly volatile, dropping 21.5% last month alone, to an annual rate of 95k. Housing permit issuance in June tells another story, however with a 19.6% gain in multifamily permits and a 3.4% decline in single family. A very mild recovery in residential construction over the past year or so has given way to a correction in the last couple of months following the expiration of the homebuyer tax credit. As the economic fundamentals improve so will new housing starts.

THOUSANDS OF UNITS

	Monthly				Average for						
	Jun-10	May-10	Apr-10	Mar-10	Three Month	Six Month	Twelve Month	2009	2008	Five Year	Ten Year
Forecast:	575k										
Consensus:	575k										
Actual:	549k										
Housing Starts	549	578	679	634	602	610	592	554	900	1,336	1,537
(percent change)	-5.0	-14.9	7.1	4.8				-38.4	-32.9		
Single Family	454	457	563	535	491	508	500	442	616	1,057	1,226
(percent change)	-0.7	-18.8	5.2	1.5				-28.2	-40.5		
Multi Family	95	121	116	99	111	102	92	112	284	279	311
(percent change)	-21.5	4.3	17.2	26.9				-60.5	-7.3		
Northeast	63	71	84	66	73	71	67	61	120	137	148
Midwest	94	101	118	93	104	100	102	95	134	215	280
South	281	288	367	339	312	314	303	281	451	664	730
West	111	118	110	136	113	124	120	117	195	320	378
Housing Permits	586	574	610	685	590	622	618	583	896	1,375	1,580
(Percent change)	2.1	-5.9	-10.9	5.4				-35.0	-35.6		
Single-Family	421	436	486	542	448	486	485	440	567	1,009	1,188
(Percent change)	-3.4	-10.3	-10.3	3.6				-22.5	-41.6		
Multi-Family	165	138	124	143	142	136	132	143	328	366	392
(Percent change)	19.6	11.3	-13.3	12.6				-56.6	-21.8		