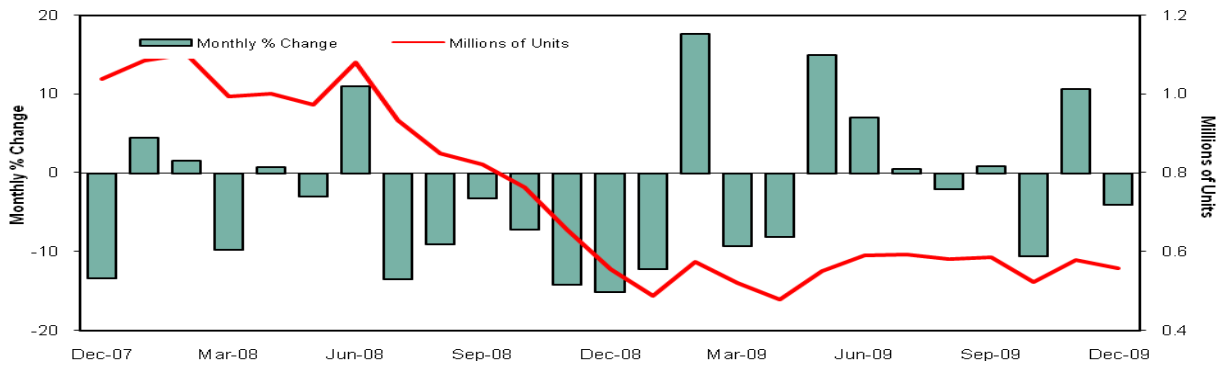


### DECLINING AGAIN

Housing Starts – Wednesday, January 20, 2010



New residential construction starts declined 4.0% in December to an annual rate of 557k after an upwardly revised gain of 10.7% in November to a rate of 580k. November's rebound proved short-lived as homebuilders continued to cut back on new starts amid a spotty economic recovery and a large number of distressed properties moving through the market. In a reversal of recent trend, it was a decline in single-family starts that led overall starts lower. Single-family housing starts dropped 6.9% last month to an annual rate of 456k, which is 5.5% higher than single family starts this time last year but still a stunning 73.6% below their January 2006 peak. After jumping nearly 70% in November, multifamily housing starts gained 12.2% last month to an annual pace of 101k. New construction in the multifamily sector has been and continues to be extremely volatile. Permit issuance was also up 10.9% to 653k last month, as solid gains in both the single and multifamily sectors bode well for future activity. All in all, housing starts remain at very weak levels however; the outlook is for modest improvement over the next several quarters as the economy stabilizes and job growth returns.

### THOUSANDS OF UNITS

Forecast:	0.585M
Consensus:	0.575M
Actual:	0.557M

	Monthly				Average for						
	Dec-09	Nov-09	Oct-09	Sep-09	Three Month	Six Month	Twelve Month	2008	2007	Five Year	Ten Year

<b>Housing Starts</b>	<b>557</b>	<b>580</b>	<b>524</b>	<b>586</b>	<b>554</b>	<b>570</b>	<b>552</b>	<b>900</b>	<b>1,342</b>	<b>1,615</b>	<b>1,646</b>
(percent change)	<b>-4.0</b>	10.7	-10.6	0.9				-32.9	-25.9		

<b>Single Family</b>	<b>456</b>	490	471	508	472	485	439	616	1,036	1,290	1,313
(percent change)	<b>-6.9</b>	4.0	-7.3	5.6				-40.5	-29.7		

<b>Multi Family</b>	<b>101</b>	90	53	78	81	85	114	285	306	326	334
(percent change)	<b>12.2</b>	69.8	-32.1	-22.0				-7.1	-9.5		

<b>Northeast</b>	<b>51</b>	63	54	66	56	61	61	120	143	159	158
<b>Midwest</b>	<b>88</b>	108	99	104	98	103	95	134	206	267	306
<b>South</b>	<b>310</b>	300	265	298	292	291	280	450	676	789	777
<b>West</b>	<b>108</b>	109	106	118	108	116	117	196	317	399	406

<b>Housing Permits</b>	<b>653</b>	589	551	575	598	585	558	895	1,392	1,670	1,688
(Percent change)	<b>10.9</b>	6.9	-4.2	-0.9				-35.7	-24.5		

<b>Single-Family</b>	<b>508</b>	469	449	452	475	468	425	567	972	1,242	1,269
(Percent change)	<b>8.3</b>	4.5	-0.7	-2.6				-41.6	-29.6		

<b>Multi-Family</b>	<b>145</b>	120	102	123	122	118	132	328	420	428	420
(Percent change)	<b>20.8</b>	17.6	-17.1	6.0				-21.9	-9.4		

Sources: Bureau of the Census, Department of Commerce via Haver Analytics. Data, graph & table courtesy of Insight Economics. \*Bloomberg © 2010 HousingMatrix, Inc. • <http://www.HousingMatrix.com> • All rights reserved. Reproduction and/or distribution are expressly prohibited. Hot Sheet is a registered trademark of HousingMatrix, Inc. Information contained herein is based on sources we believe to be reliable, but accuracy is not guaranteed.