

February 2013 Housing Commentary



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February 2013 Housing Scorecard

| | M/M | Y/Y |
|--|-------|--------|
| Housing Starts ^A | △0.8% | △27.7% |
| Single-Family Starts ^A | △0.5% | △31.5% |
| Housing Permits ^A | △4.6% | △33.8% |
| Housing Completions ^A | ▽0.6% | △24.3% |
| New Single-Family House Sales ^A | ▽4.6% | △12.3% |
| Existing House Sales ^B | △0.8% | △10.2% |
| Private Construction Spending ^A | △1.3% | △20.1% |

M/M = month-over-month; Y/Y = year-over-year

New Housing Starts

| | Total Starts* | Single-Family Starts | Multi-Family 2-4 unit Starts | Multi-Family 5 or more unit Starts |
|------------|----------------------|-----------------------------|-------------------------------------|---|
| February | 917,000 | 618,000 | 14,000 | 285,000 |
| January | 910,000 | 615,000 | 12,000 | 283,000 |
| 2012 | 718,000 | 470,000 | 8,000 | 240,000 |
| M/M change | +0.8% | +0.5% | +16.7% | +0.7% |
| Y/Y change | +27.7% | +31.5% | +75.0% | +18.8% |

* All start data are presented at a seasonally adjusted annual rate (SAAR)

New Housing Permits and Completions

| | Total Permits* | Single-Family Permits | Multi-Family 2-4 unit Permits | Multi-Family 5 or more unit Permits |
|------------|-----------------------|------------------------------|--------------------------------------|--|
| February | 946,000 | 600,000 | 30,000 | 316,000 |
| January | 904,000 | 584,000 | 26,000 | 294,000 |
| 2012 | 707,000 | 478,000 | 25,000 | 204,000 |
| M/M change | +4.6% | +2.7% | +15.4% | +7.5% |
| Y/Y change | +33.8% | +25.5% | +20.0% | +54.9% |

| | Total Completions* | Single-Family Completions | Multi-Family 2-4 unit Completions | Multi-Family 5 or more unit Completions |
|------------|---------------------------|----------------------------------|--|--|
| February | 711,000 | 574,000 | 7,000 | 130,000 |
| January | 715,000 | 554,000 | 10,000 | 151,000 |
| 2012 | 572,000 | 432,000 | 4,000 | 136,000 |
| M/M change | -0.6% | +3.6% | -30.0% | -13.9% |
| Y/Y change | +24.3% | +32.9% | +75.0% | -4.4% |

New and Existing House Sales

| | New Single-Family Sales* | Median Price | Month's Supply | Existing House Sales ^{B*} | Median Price ^B | Month's Supply ^B |
|------------|---|-------------------------|---------------------------|---|--------------------------------------|--|
| February | 411,000 | \$246,800 | 4.4 | 4,980,000 | \$173,600 | 4.7 |
| January | 431,000 | \$239,600 | 4.2 | 4,940,000 | \$170,600 | 4.3 |
| 2012 | 366,000 | \$245,200 | 4.8 | 4,520,000 | \$155,600 | 6.4 |
| M/M change | -4.6% | +3.0% | +4.8% | +0.8% | +1.7% | +9.3% |
| Y/Y change | +12.3% | +0.6% | -8.3% | +10.2% | +11.6% | -26.6% |

* All sales data are SAAR

Existing House Sales

National Association of Realtors (NAR®)^B

February 2013 sales data:

Distressed house sales: 25% of sales –
(15% foreclosures and 10% short-sales)

Distressed house sales: 23% in January
and 34% in February 2012

All-cash sales: increased to 32% – 28% in January

Investors are still purchasing a substantial portion of
“all cash” sale houses – 22%;
19% in January 2013 and 23% in February 2012

First-time buyers: remained at 30% (30% in January 2013)
and were 32% in February 2012^B

February 2013 Construction Spending

Private Construction: \$303.38 billion (SAAR)

2.2% above the revised January estimate of \$296.94 billion (SAAR)

20.1% above the February 2012 estimate of \$252.64 billion (SAAR)

February SF construction: \$158.07 billion (SAAR)

4.3% greater than January: \$151.59 billion (SAAR)

34.1% greater than February 2012: \$117.84 billion (SAAR)

February MF construction: \$26.99 billion (SAAR)

-2.2% less than January: \$27.60 billion (SAAR)

51.8% greater than February 2012: \$17.78 billion (SAAR)

February Improvement^C construction: \$118.32 billion (SAAR)

0.5% greater than January: \$117.75 billion (SAAR)

1.1% greater than February 2012: \$117.02 billion (SAAR)

^C The US DOC does not report improvements directly, this is an estimation.

Conclusions

The housing market is still in the “healing” process. Permit data suggest better things to come; however, other housing and economic data are not so clear.

The housing market appears to be healing; however, recent housing data was muddled. Thus, the near-term outlook on the U.S. housing market remains unchanged again – there remain too many potential negative and/or lackluster macro-factors at this point in time for a robust housing recovery. Why?

- 1) Consumer confidence – currently increasing but still fragile,
- 2) a lack of well-paying jobs,
- 3) a sluggish economy
- 4) declining real median annual household incomes,
- 5) strict home loan lending standards, and
- 6) new banking regulations to be implemented in the future.

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