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Housing Starts Bulletin

■ NATIONAL ASSOCIATION OF HOME BUILDERS ■ ECONOMICS DEPARTMENT
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June 16, 1967

HOUSING STARTS IN MAY SHOW 11.7% INCREASE ...Seasonally adjusted annual rate of housing starts in May was 1,310,000 units, 11.7% above the April level of 1,173,000 and less than 1% below the May, 1966, rate. For the first time in a year a number of the housing indicators are showing signs of promise.

Building permit rates have risen to the highest level since May, 1966; housing starts in the West are at the highest in a year, and single family starts in May exceeded, with one exception, any month since July, 1965.

Continued talk of tight money has been reflected in an increase in long-term interest rates and in the series on conventional mortgage rates as published by FHA. The heavy demand for funds during the first quarter of the year and to a lesser extent the second quarter, coupled with the uncertainty of the money market, undoubtedly did drive interest rates higher. But, this was prevented from becoming a repeat of 1966 by the near record level of savings which exceeded the 1966 rate by 80%.

STILL BEHIND '66 BUT GAP NOT GROWING ...Actual private starts in May were 135,100 units, only 300 units behind May, 1966, starts. The five month starts total in 1967 is 474,300 units, off from 571,600 units in 1966, a decline of 17%. This gap will narrow in the coming months, particularly since activity began to decline in May of last year. If the 1,220,000 level of starts in 1966 is to be achieved, the industry must produce during the remaining seven months on the average of 14,000 units per month above that produced in each of the same months of 1966.

