



TD Economics

Commentary

November 19, 2008

U.S.: HOUSING ACTIVITY SINKS TO RECORD LOWS

- **U.S. housing starts dropped to their lowest level on record in October.**
- **Building permits were also weak, falling also to a record low.**
- **Overall, the U.S. housing market continues to deteriorate.**

U.S. housing starts declined to 791K in October, following the upwardly revised 828K new homes constructed the month before (previously reported as 817K). The decline, however, was less than the drop to 780K expected by the markets, but nonetheless brought the amount of new residential construction to its lowest level on record. The 3-month average for new residential starts has now fallen from 877K to 824K. There were declines in the construction of both single-family (falling from 549K in September to 531K) and multi units (from 279K to 260K) constructed.

Residential permits approvals were also weak, falling to 708K in October, which was far lower than the 774K expected by the markets. This was significantly below the 805K approved in September, and brings the number of approvals to a record low – going back to the 1960s. Most of the declines were in the single-family component, which dropped to 460K, from 538K in September, while multi-units approvals fell more modestly to 248K from 267K.

Overall, the report was mixed, with starts slightly stronger, but permits approval much worse than expected. The correction in the U.S. housing market has continued at a fairly brisk pace in October. However, with construction and permits approvals reaching record lows, it may mean that the build-up of new home inventory could taper-off in the coming months.

*Millan Mulraine
Economics Strategist
TD Securities*

For further information, contact Beata Caranci at 416-982-8067.

This report is provided by TD Economics for customers of TD Bank Financial Group. It is for information purposes only and may not be appropriate for other purposes. The report does not provide material information about the business and affairs of TD Bank Financial Group and the members of TD Economics are not spokespersons for TD Bank Financial Group with respect to its business and affairs. The information contained in this report has been drawn from sources believed to be reliable, but is not guaranteed to be accurate or complete. The report contains economic analysis and views, including about future economic and financial markets performance. These are based on certain assumptions and other factors, and are subject to inherent risks and uncertainties. The actual outcome may be materially different. The Toronto-Dominion Bank and its affiliates and related entities that comprise TD Bank Financial Group are not liable for any errors or omissions in the information, analysis or views contained in this report, or for any loss or damage suffered.