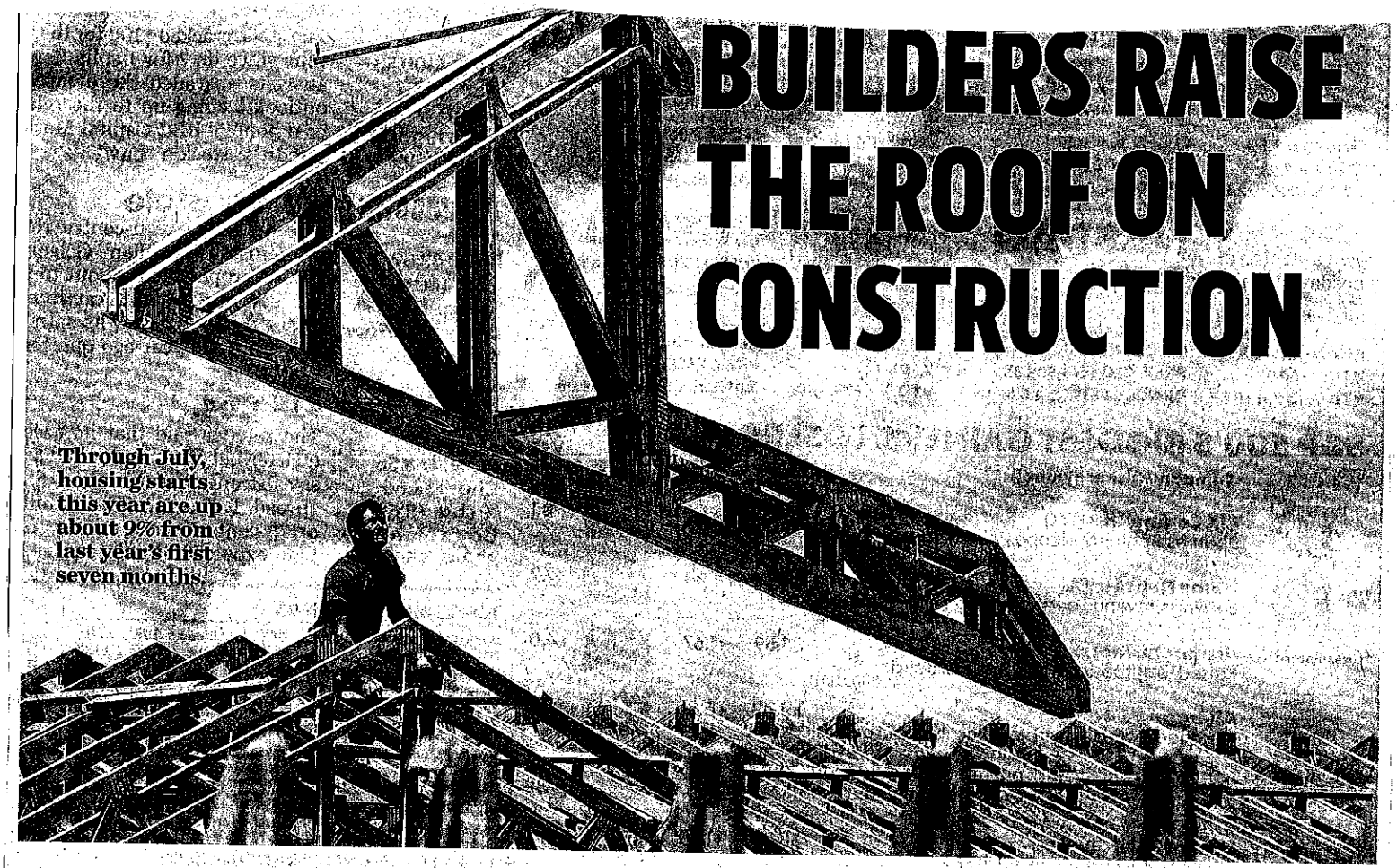
BUILDERS RAISE THE ROOF ON CONSTRUCTION



Through July, housing starts this year are up about 9% from last year's first seven months.

SETH PERLMAN, AP

Housing starts rise 15.7% in July from June, beat forecasts

Doug Carroll
USA TODAY

Home building took off in July as builders broke ground on new homes at their fastest pace of the year.

Housing starts rose 15.7% from June to a seasonally adjusted annual rate of 1.1 million, the Census Bureau said Tuesday. The previous estimate for June also was revised upward by 52,000 to 945,000.

July's home-building rate solidly beat economists' median forecast of 965,000 and was the strongest since November. Last month's pace came in slightly ahead of April's 1.06 million, the only other month this year when starts' annual rate cracked the 1 million mark.

Single-family home building also increased to a seasonally adjusted annual rate of 656,000 — also the fastest pace this year.

Meanwhile, building permits, a sign of future construction plans, were issued at a 1.1 million annual rate, the fifth month this year that new permits topped 1 million in a month. Last year, permits averaged 990,000 a month. Permits for single-family homes alone also improved slightly from June.

Census' original report on June housing starts were pulled down by a sharp falloff in building in the South, a result that some economists blamed on unusually wet weather. In Tuesday's report, the June numbers were revised upward, and July's starts showed a 29% monthly jump.

About half of single-family construction is in the South, where single-family permits have been accelerating the past three months, said IHS Global Insight economists Patrick Newport and Stephanie Karol in e-mailed comments after the Census report. "As job and income growth continue to recover, the single-family market should benefit."

Despite the improved numbers, however, the pace of building in the single-family-home sector remains a concern, said economist Richard Moody of Regions Financial. Permits average only 613,000 a month over six months — a low rate indicating the pace of single-family home building will not match even July's rate in coming months, let alone accelerate, he said in a research note Tuesday.

Home building also is still well off its pace in the years before the housing bust. From 2000 through 2005, monthly housing starts averaged a 1.8 million annual rate, and the rate of single-family home building was 1.5 million, according to Census data from Haver Analytics.

While housing starts are running ahead of last year, much of the growth has been in construction of apartment buildings, rather than single-family houses. Through July, housing starts this year are up about 9% from last year's first seven months, but construction of single-family homes is up only about 3%.

Home builders say the market has been held back by a still-tight lending climate for residential mortgage borrowers and shortages of finished lots and labor.

Even so, builders' confidence in the market for single-family home building rose this month to its highest level since January, according to the National Association of Home Builders/Wells Fargo Housing Market Index. It was the third consecutive monthly gain in the index, the NAHB reported Monday.

HOME STOCKS RISE

Strong home builders data propelled housing-related stocks higher. How stocks in the housing space fared Tuesday:

Home builders:	
KB Homes	+2.7%
DR Horton	+3.3%
Pulte Group	+1.5%
Hovnanian	+1.4%

Home-improvement retailers:	
Home Depot	+5.6%
Lowe's	+2.1%

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