

Workers finish up a house under construction last month in Wylie, Texas. U.S. builders last month broke ground on the most new homes and apartments in nearly four years, the Commerce Department said Wednesday. LM OTERO/AP

Builders start most new homes in 4 years

Economist says momentum in building should carry forward

By Christopher S. Rugaber
Associated Press

WASHINGTON — U.S. builders broke ground on the most new homes and apartments in nearly four years last month.

The Commerce Department said Wednesday that housing starts rose 6.9 percent in June from May to a seasonally adjusted annual rate of 760,000.

That's the highest since October 2008.

Single-family housing starts, which account for more than 70 percent of new residential construction, rose for the fourth straight month to a two-year high.

Apartment starts, which can be volatile, increased after falling in May.

The number of permits to build homes, a sign of future construction, fell 3.7 percent to 755,000.

But that's down from May's level, which was the highest since September 2008.

And permits to build single-family homes edged up to the highest level since March 2010.

Permits to build apartments declined.

"This was a good report overall," said economist Martin Schwerdtfeger, of TD Bank.

He noted that permits remain high, which "suggests that the momentum in building activity ... should carry forward."

Single-family housing starts rose in every region of the country last month.

Total starts, which include apartments, jumped 37 percent in the West and 22 percent in the Northeast, while falling in the Midwest and South.

Despite the gains, the level of housing starts and permits are roughly half of what economists consider healthy.

New home sales rose in May to the fastest pace in more than two years.

Although the sales of previously occupied homes dropped in May, they were nearly 10 percent higher than a year earlier.

More home building also pushed up construction spending in May by the largest amount in five months.