

A worker stands in the early-morning sunlight on a home construction project in Newtown, Pa. MEL EVANS AP

Home starts dip, but signs point up

Applications for permits in July at highest in 4 years

By Martin Crutsinger
Associated Press

WASHINGTON — Builders in the U.S. slowed their pace of housing construction slightly in July. But in a hopeful sign for future construction, applications for building permits rose to their highest level since August 2008.

The Commerce Department says construction of single-family homes and apartments dipped 1.1 percent in July compared with June, to a seasonally adjusted annual rate of 746,000. In June, the pace had been the fastest since October 2008.

The weakness in July came from a 6.5 percent drop in the building of single-family homes, which represent about 70 percent of the market. They fell to an annual rate of 502,000. By contrast, construction of apartments rose 12.4 percent to an annual rate of 244,000 units.

Even with the slight setback in July, housing remains on an upward trend, said Dan Greenhaus, chief global strategist at BTIG in New York. Greenhaus noted that construction of single-family homes is up 17 percent from a year ago.

For July, total home construction rose in the Midwest but fell in all other parts of the country.

Even with the gains made this year, the rate of construction and the level of permits remain only about half the 1.5 million annual rate considered healthy.

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

The housing boom drove construction to record levels in the middle of last decade, peaking in January 2006 at a rate of nearly 2.3 million. But the bubble burst in late 2006 and 2007, and construction ceased in most parts of the country. Starts plunged to just 478,000 homes in April 2009, the low point during the housing bust.