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Builders work on a home in Omaha, Neb. Housing construction surged 10.5 percent in August, as applications for building permits rose. Home construction rose slightly last month on the strength of single-family homes.

Home starts rise slightly, building permits fall

BY ALAN ZIBEL
ASSOCIATE PRESS

WASHINGTON — Home construction rose slightly last month on the strength of single-family homes, but the market was still too weak to propel growth in the battered industry.

Construction of new homes and apartments rose 0.3 percent in September from a month earlier to a seasonally adjusted annual rate of 610,000, the Commerce Department said Tuesday. It was the strongest report on home construction since April.

Housing starts are up 28 percent from their bottom in April 2009. Still, they are down 73 percent from their peak in January 2006 and 40 percent below the 1 million annual rate that analysts say is consistent with healthy housing markets.

The industry is "showing signs of stabilization and perhaps even a faint pulse," wrote Joshua Shapiro, chief U.S. economist at MFR Inc. in New York.

August's figure was revised upward to an annual rate of 608,000 from an earlier estimate of 598,000.

Construction was driven by a 4.4 percent monthly increase in single-family homes, the second consecutive increase for this category, which represents about 80 percent of the market. Construction of condominiums and apartments fell by nearly 10 percent.

The number of building permits issued to build new homes, a sign of future activity, fell 5.6 percent from a month earlier to a seasonally adjusted annual rate of 539,000.