

The Commerce Department on Wednesday reported housing starts slowed in January. NAM Y. HUH/AP

Housing starts dip but remain solid

Still ranks as third highest since 2008

By Martin Crutsinger
Associated Press

WASHINGTON — Homebuilders in the U.S. began work at a slower pace in January than in December. But all of the drop occurred in the volatile area of apartment construction, which sank 24 percent.

By contrast, the rate of single-family homebuilding rose 0.8 percent.

Even with the overall decline, the pace of home construction in January was the third-highest since 2008 and was evidence of continued strengthening in residential real estate.

The Commerce Department said Wednesday that builders started work at a seasonally adjusted annual rate of 890,000 homes last month. That was down 8.5 percent from December, when housing starts had hit an annual rate of 973,000, the most since June 2008.

Analysts had expected a decline on January construction, given the sharp gain in December. December had initially been reported at an annual rate of 920,000. On Wednesday, the department revised up the December pace to 973,000.

January's was only the second drop in construction in the past six months. It still left the annual pace of homebuilding 23.6 percent higher than a year ago.

Economists noted that building permits keep increasing. Dan Greenhaus, chief global strategist for BTIG, said the increase in permits suggested that the January decline in construction starts would be temporary and that "as the year progresses, housing starts will continue to push higher."

HOW REGIONS FARED IN HOME STARTS

By region, January's decline in home construction was led by a 50 percent drop in the Midwest and a 35.3 percent decline in the Northeast. Analysts saw both declines as likely weather related. Construction rose 16.7 percent in the West and 4.1 percent in the South.