## Recovery slowdown



Single-family housing starts in July, at a seasonally adjusted annual rate of 591,000, were down 2.2 percent from June. But total housing starts rose 5.9 percent, the Census Bureau said Friday. AP

# Housing starts rise 5.9%, below forecasts

## Construction loses some steam during July

**By Julie Schmit**
USA Today

Housing starts rose in July, advancing the industry's steady recovery, but at a slower pace than forecasters expected.

Starts rose 5.9 percent from June to a seasonally adjusted annual rate of 896,000 from June's revised figure of 846,000, the Census Bureau said Friday.

Single-family housing starts in the month, at a seasonally adjusted annual rate of 591,000, were down 2.2 percent from June.

"They're just not showing recent strength," says Patrick Newport, economist with IHS Global Insight. "This market has lost some of its momentum."

Higher interest rates may be affecting buyers, Newport says, or tight credit conditions could be making it hard for builders.

Builders have also said attractive lots remain in short supply in many markets, given that little land development was done during the housing downturn.

Although single-family starts hit an eight-month low, year-to-date total home starts are still up 24 percent over 2012 levels, showing a clear upswing in construction, says Jed Kolko, Trulia economist.

The multi-family numbers are volatile, but still the darling of the construction industry, he says. Much of July's growth in housing starts was driven by an increase in apartment construction, which rose 25.5 percent from June.

The 5.9 percent rise in housing starts left the level of starts well below the 1 million unit rate that Wall Street had been looking for, says Steven Ricchiuto, chief economist with Mizuho Securities.

Permit growth was also modest relative to expectations, he says.

### FREDDIE MAC EXPECTS MORE BUILDING

Going forward, increasing demand for housing will help stimulate more construction, says mortgage giant Freddie Mac.

» It expects housing starts to hover just below 1 million, on a seasonally adjusted basis, over the second half of this year. If so, that will be the best six-month building pace since the first half of 2008.