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March housing starts gain

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WASHINGTON — Housing construction posted a better-than-expected performance in March, rising to the highest level in 16 months on the strength of multi-family homes.

The Commerce Department report Friday showed that construction of single-family homes, the most important segment of the market, fell. It dropped 0.9 percent to an annual rate of 531,000 units, after a strong 5.7 percent gain in February.

But permits for single-family construction, a barometer for future activity, were up. That raised some hopes that the recovery of the housing market will stay on track and help sustain the broader economic rebound.

Overall, construction rose 1.6 percent to a seasonally adjusted annual rate of 626,000. That was higher than the 610,000 level that economists expected. In addition, the government revised February's numbers to show a 1.1 percent gain rather than the initially reported drop of 5.9 percent.

Applications for building permits recorded a better-than-expected increase in March, rising 7.5 percent to an annual rate of 685,000.

Analysts are looking for any rebound in housing to be modest at best given the severe problems facing the industry. These include record home foreclosures and high unemployment, which robs potential buyers of the income they need to support a home purchase.

The weakness in single-family construction was offset by an 18.6 percent surge in the smaller multifamily sector, which rose to a seasonally adjusted annual rate of 95,000 units. Analysts do not expect this strength to continue.



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In this April 5 photo, a construction worker hammers in particle board on a home under construction in Sacramento, Calif. Housing construction posted a better-than-expected performance in March, rising to the highest level in 16 months.