March housing starts rise to five-year high

By Julie Schmit
USA Today

Housing starts jumped last month to their highest level since 2008 but construction of single-family homes took a dip, the Census Bureau reported Tuesday.

Total starts were up 7 percent in March from February, running at a 1.036 million seasonally adjusted annual rate, a gain of almost 47 percent over last March.

That level of activity marks the first time housing starts have passed 1 million in 57 months, said Robert Wetenhell of RBC Capital Markets.

"Housing fundamentals are rapidly improving," he said, adding that starts will continue moving higher this year.

Multifamily starts drove March's increase, rising 31 percent from February, to the third-highest reading since 2000, Capital Economics said.

Yet single-family housing starts were running at a 619,000 rate, down 4.8 percent from February, the Census Bureau said.

That news came a day after a report that homebuilder confidence fell for a third straight month.

"Clearly, the homebuilding recovery is running into a few snags. Building material costs are rising, there's a shortage of construction workers and builders are struggling to find easily developed lots," said Paul Diggle, Capital Economics economist.

Still, the big rise in overall housing starts in March should help calm the nerves of those worrying that the homebuilding recovery is running out of steam, he said.