WEATHER CHILLS CONSTRUCTION ACTIVITY

PERMITS UP, STARTS DIP

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Unusual weather conditions, a shortage of residential lots, and challenges with labor apparently kept housing starts almost at a standstill last month.

The U.S. Commerce Department said Tuesday that housing starts last month were 0.2 percent below the revised January estimate of 909,000 and is 6.4 percent below the February 2013 rate of 969,000.

Building permits, meanwhile, were up 7.7 percent in February from the January rate and up 6.9 percent from February 2013, the Commerce Department said.

Tuesday's report follows Monday's National Association of Home Builders/Wells Fargo Housing Market Index (HMI) which said builder confidence in the newly-built, single-family homes market rose just rose one point to 47 in March.

The HMI gauges builder perceptions of current single-family home sales and sales expectations for the next six months. The survey also asks builders to rate traffic of prospective buyers. Scores for each component are used to calculate a seasonally adjusted index where any number over 50 indicates that more builders view conditions as good than poor, the NAHB said.

Kevin Kelly, NAHB chairman, said poor weather is keeping many builders from getting into the field and they continue to face challenges related to a shortage of lots and labor.

Still, the NAHB expects to see improvement as builders prepare for the spring selling season, said NAHB's chief economist David Crowe.

"Competitive mortgage rates, affordable home prices and an improving economy all point to a continuing, gradual strengthening of housing activity through the rest of the year. Moreover, building permits, which are less dependent on weather and are a harbinger of future building activity, rose above 1 million units in February," Crowe said.



Although housing starts declined slightly in February, building permits rose sharply, suggesting the possibility of a spring construction boom. STAFF FILE