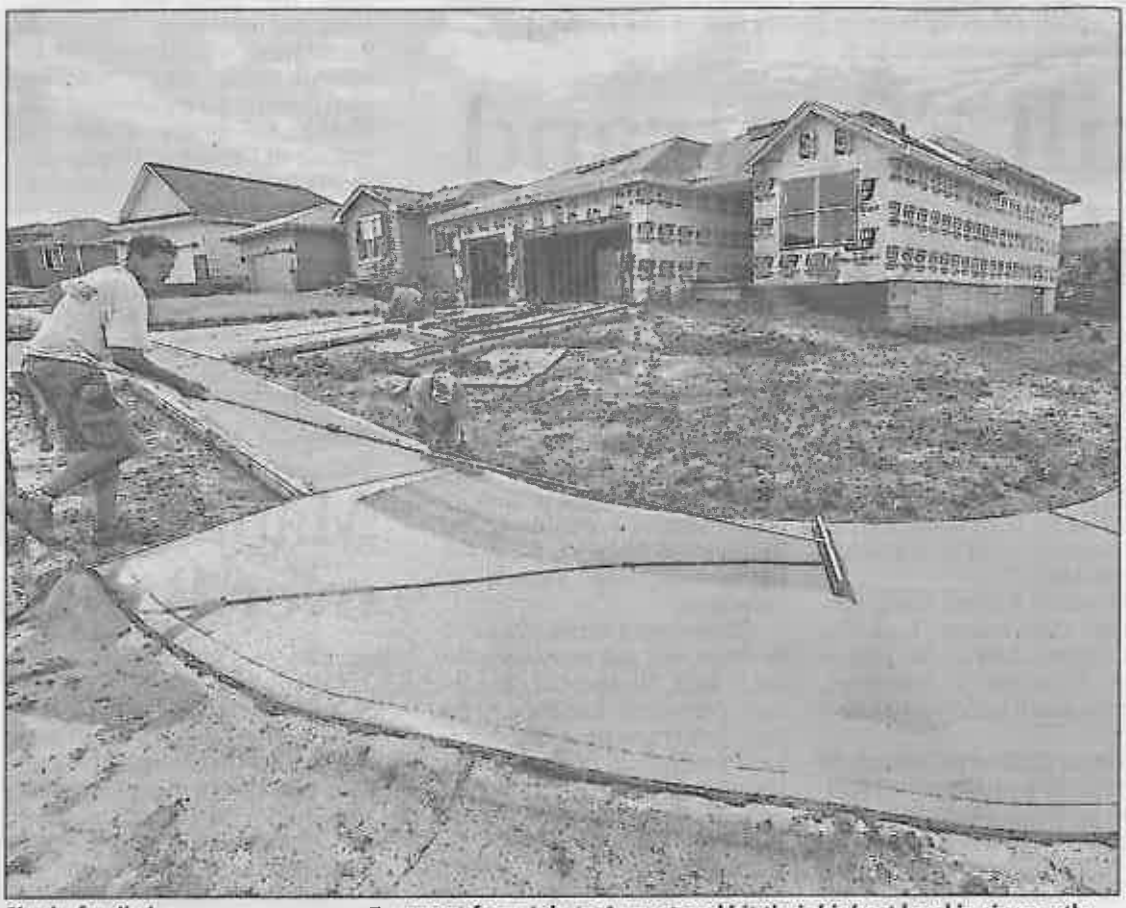


Single-family home starts were up 7 percent from July to August and hit their highest level in six months, the Commerce Department reported Wednesday. NATI HARNIK/AP

SINGLE-FAMILY HOME CONSTRUCTION UP

Building permits reach highest level since May 2008; apartment sector activity slows

By Julie Schmit
USA Today

Housing starts rose 0.9 percent in August, less than expected, as the volatile apartment sector weighed on topline results.

Single-family home starts, however, were up 7 percent from July and hit their highest level in six months, the Commerce Department reported Wednesday.

Single-family starts increased the most in the West, rising 17.5 percent from July. Many Western cities have especially tight supplies of homes for sale.

Overall, housing starts came in at a seasonally adjusted annual rate of 891,000, still 19 percent above last year's levels.

Building permits — an indicator of future construction — declined 3.8 percent from July but remained 11 percent above the level of a year ago.

Single-family permit levels were at their highest level since May 2008, with all regions up. They rose to an annual rate of 627,000 and were 3 percent above July levels.

Higher interest rates had little effect on August housing starts, Trulia economist Jed Kolko said. Rates matter more for single-family homes than multifamily housing and the single-family starts were strong, he said.

In September, homebuilder confidence held steady after four consecutive months of improvement, the National Association of Home Builders/Wells Fargo Housing Market Index showed Tuesday.

NAHB Chief Economist David Crowe cited a "pause in the momentum" given higher interest rates, tight credit and shrinking supplies of lots for sale.

In August, starts for buildings with five or more units fell 9.4 percent from July.

Overall, construction activity — including new home starts and home sales — is lagging in the housing recovery, Kolko said.

Activity is still 40 to 50 percent below normal levels because the nation has too many vacant homes and household formation is still too low to support more normal building levels, Kolko said.

Household formation has averaged 560,000 annually since 2007, roughly half of normal levels, Kolko said.