Surge in home construction could lift economy



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Recently, new homes were constructed in Edmond, Okla. U.S. builders started construction on single-family homes and apartments in at the fastest rate since July 2008, a further indication that the housing recovery is strengthening.

BY ALEX VEIGA AND MARTIN CRUTSINGER
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Builders last month started construction on single-family houses and apartments at the fastest rate in more than four years, the Commerce Department said Wednesday. And they laid plans to build homes at an even faster pace in coming months.

The pace of construction has grown steadily in the past year, and analysts expect it to keep rising. The increase has been fueled by record-low mortgage rates, more stable home prices and a shortage of previously occupied homes for sale.

More new homes could accelerate growth and help boost hiring, especially in areas like construction, home improvement and retailing.

The government's report Wednesday on home construction in September was filled with encouraging details.

Overall, the number of homes that were started increased 15 percent from August to a seasonally adjusted annual rate of 872,000. That's the fastest rate since July 2008.

And applications for building permits, a sign of future construction, jumped nearly 12 percent to an annual rate of 894,000, another high point since July 2008.

The rate of new construction has surged more than 38 percent in the past 12 months.

Housing starts are now 82.5 percent above the annual rate of 478,000 in April 2009, the recession low. It's still well short of the 1.5 million annual rate that economists consider healthy. And it's far below the more than 2 million homes started in 2007 — the peak of the boom. But the steady upward trend appears likely to endure, analysts say.