Building again



Builders started construction on single-family homes and apartments in September, like this one in Edmond, Okla., at the fastest rate since July 2008, the Commerce Department said Wednesday.
AP

US housing starts jump to 4-year high

Doubts about the market's recovery 'should be erased,' claims strategist

By Martin Crutsinger
Associated Press

WASHINGTON — U.S. builders started construction on homes in September at the fastest rate since July 2008 and made plans to build even more homes in the coming months.

The Commerce Department said Wednesday that home construction rose 15 percent last month to a seasonally adjusted annual rate of 872,000. Single-family construction rose 11 percent to the fastest rate in four years. Apartment building increased 25.1 percent.

Applications for building permits, a sign of future construction, jumped nearly 12 percent to an annual rate of 894,000, also the highest since July 2008.

No doubt on recovery. "If there was any doubt that the housing market was undergoing a recovery, even a modest one in the face of the terrible 2008 decline, those doubts should be erased by now," said Dan Greenhaus, chief global strategist at BTIG.

West and South see gains: Construction activity rose in three of the nation's four regions. The biggest increases came in the West and South. Housing starts increased by nearly 20 percent in both regions. Construction of new homes and apartments rose 6.7 percent in the Midwest. Housing starts fell 5.1 percent in the Northeast.

The construction rate has increased by more than 38 percent over the past 12 months.

Housing starts are now 82.5 percent above the recession low rate of 478,000 hit in April 2009. That's still well short of the 1.5 million that economists consider healthy and far below the more than 2 million built in 2007 — the peak of the housing boom.

"This is a good report," said Patrick Newport, U.S. economist at HIS Global Insight. "It is telling us that the housing market is improving."

Builder confidence is at a six-year high, according to a survey released Tuesday by the National Association of Home Builders.

New homes alert. Newport said housing starts should total 750,000 for the year. He expects starts will climb to 950,000 next year and 1.27 million in 2014. By 2015, he said home construction should reach more than 1.5 million.

Sales of new homes were up nearly 28 percent in August compared with the same month last year. Even with the gains, sales remain near depressed levels.

Though new homes represent less than 20 percent of the housing sales market, they have an outsize impact on the economy. Each home built creates an average of three jobs for a year and generates about $90,000 in tax revenue, according to data from the home builders group.