

House hunters give

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A rise in would-be home owners bodes well for Home Depot, which reported a 12% jump in earnings at the start of the year.

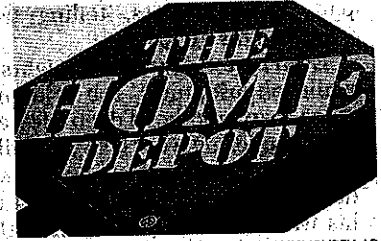
The home improvement chain is getting a boost from the uptick in home searches and mortgage applications as employment and income consistently rise.

The retailer's sales rose 5% to

\$23.9 billion for the quarter that ended April 30, it reported Tuesday. Sales at stores open at least a year, an industry benchmark used to gauge performance, rose 5.5%.

Earnings were strong as well. Net income rose to \$2 billion, or \$1.67 per diluted share at the start of the year, compared with \$1.8 billion, or \$1.44 per diluted share, during the quarter in 2016.

The strong quarterly performance stood in sharp contrast to the dismal results of several other retailers, such as Macy's and JCPenney, whose store traffic has



MARK HUMPHREY, AP

slipped as a growing number of consumers shop online.

Home Depot's growth in profits comes during a good stretch for the housing industry.

Home Depot boost

Homebuilder sentiment has been healthy, partly because contractors are buoyed by President Trump's pledges of tax cuts and deregulation. Demand for new homes has held up as job and income growth remain steady, and house-hunting traffic and mortgage applications have been elevated, according to Nomura economist Lewis Alexander.

Construction, however, has been tempered by a limited supply of lots that can be developed, a labor shortage and rising costs. Costs could edge up further after

the White House decision to impose duties on Canada for its lumber shipments to the U.S.

While builders are upbeat, housing starts have been choppy. Unusually warm winter weather pulled forward many starts to January and February, which led to a decline in March. Housing starts unexpectedly fell 2.6% in April, the Commerce Department said, led by apartment construction, which is volatile. Single-family starts rose modestly.

Contributing: Paul Davidson