

# February housing starts fall 7% after January surge

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WASHINGTON — U.S. homebuilders broke ground on fewer apartment complexes in February, causing overall housing starts to fall 7 percent.

The Commerce Department said Friday that housing starts last month were at a seasonally adjusted annual pace of 1.24 million, a decline that was anticipated after construction surged in January to 1.33 million.

February's slowdown in construction came from a 28 percent plunge in starts for multifamily buildings. Groundbreakings for single-family houses actually rose 2.9 percent.

Builders' efforts have shifted to single-family houses as the economy has improved and as fewer existing homes are being listed for sale. The solid job market and a growing millennial population looking to purchase a home have lifted demand over the past two years. But the number of homes listed for sale has fallen during that time. Increased construction has not fully offset the shortage.

The U.S. housing market appears to be stable because of the relative health of the overall economy. That may be tested by rising mortgage rates that could put a new home out of reach for many.

"Soaring employment and faster wage growth should support the housing market, but activity is going to be constrained by higher rates," said Ian Shepherdson, chief economist at Pantheon Macroeconomics.

Single-family house construction increased last month in the Northeast, South and West, but it declined in the West.

The National Association of Realtors said the total supply of existing homes for sale dropped to 1.52 million in January, which contributed to sales of existing homes declining 4.8 percent over the past 12 months.

Building permits, an indicator of future construction, tumbled 5.7 percent to an annual pace of 1.30 million. But that decline, too, was largely concentrated in apartment complexes, suggesting construction companies expect more Americans to segue to home ownership.

Builder sentiment remains positive, although it has slipped over the past three months. The National Association of Home Builders/Wells Fargo builder sentiment index for March ticked down a point to 70.