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NATIONAL ASSOCIATION OF HOME BUILDERS

HOUSING STARTS EDGE UP IN APRIL, PERMITS DROP TO SLOWEST PACE IN A DECADE

[Normal View](#)

May 16, 2007 - Housing starts bumped up slightly in April while new building permits dropped to the slowest pace since June 1997, according to figures released by the Commerce Department today.

Housing starts increased 2.5 percent in April to a seasonally adjusted annual rate of 1.528 million units, following downward Commerce Department revisions for the two previous months. Starts were down 16.1 percent from a year earlier.

Building permits, a more reliable indicator of housing construction activity, dropped 8.9 percent in April to a seasonally adjusted annual pace of 1.429 million units. Permits were down 28.1 percent from a year earlier.

"Builders are adjusting to the adverse impacts of tighter lending standards on home sales and cancellations by cutting back on the number of new permits and working down their backlog of unused permits," said NAHB President Brian Catalde, a home builder from El Segundo, Calif. "NAHB's single-family Housing Market Index has been declining since February and builders are bracing for the challenges ahead."

"The pattern of building permits clearly shows that the dramatic downward correction in housing production still is underway," said NAHB Chief Economist David Seiders. "Home buyer demand has been sent into another down leg by the abrupt tightening of mortgage lending standards, and there is an increasingly heavy supply of vacant housing units on the market. Under these conditions, builders are cutting back on new construction and intensifying their efforts to bolster sales and limit cancellations."

Starts of new single-family homes were up 1.6 percent in April to a seasonally adjusted annual rate of 1.225 million units. The pace was 18.9 percent below a year earlier. Multifamily housing construction increased 6.3 percent to a seasonally adjusted annual rate of 303,000 units for the month, a 2.6 percent decrease from April 2006.

Regionally, construction of new homes and apartments in the Northeast and West was up by 31.3 percent and 7.8 percent, respectively. Housing starts were down in Midwest by 14.2 percent and in the South by 0.1 percent. All four regions reported a pace of construction well below a year earlier.

Single-family permit issuance was down 6.0 percent to a pace of 1.063 million units for the month. This was 28.8 percent below a year earlier. The pace of multifamily permit issuance dropped 16.4 percent to 366,000 units for the month. This was 26.1 percent below the April 2006 pace.