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NATIONAL ASSOCIATION OF HOME BUILDERS

HOUSING STARTS FALL 2.1 PERCENT IN MAY AS DOWNSWING CONTINUES [Normal View](#)

June 19, 2007 - Housing starts fell 2.1 percent in May to a seasonally adjusted annual rate of 1.474 million units as the correction in the housing market continued, according to figures released by the Commerce Department today. Starts were down 24.2 percent from a year earlier.

"Builders still are cutting back on new production as they work down their inventories in the face of slack home buyer demand," said Brian Catalde, president of the National Association of Home Builders (NAHB) and a home builder from El Segundo, Calif. "According to recent NAHB Housing Market Index surveys, they are trimming prices and offering a variety of nonprice incentives to boost sales and limit cancellations."

"The downturn in new housing production is still underway, although the rate of decline has slowed since late last year," said NAHB Chief Economist David Seiders. "We still expect starts and permits to bottom out late this year before a systematic recovery process begins in 2008."

Starts of new single-family homes were down 3.4 percent for the month to a seasonally adjusted annual rate of 1.170 million units. The May pace for single-family construction was 26.0 percent below a year earlier.

Multifamily housing starts increased 3.1 percent to a seasonally adjusted annual rate of 304,000 units for the month. The pace of multifamily construction was 16.0 percent below May 2006.

Total building permits increased 3.0 percent in May to a seasonally adjusted annual pace of 1.501 million units, reflecting a spike in multifamily permits. Total permits were down 21.7 percent from a year earlier.

Single-family permit issuance was down 1.8 percent to a pace of 1.056 million units for the month. This was 27.7 percent below a year earlier. The rate of multifamily permit issuance increased 16.5 percent to 445,000 units for the month. This was 2.8 percent below the May 2006 pace.

Regionally, starts of new homes and apartments were up in the Northeast and Midwest in May by 15.7 percent and 15.5 percent, respectively. Housing starts were down in the South by 1.6 percent and in the West by 19.7 percent. All four regions reported a pace of construction well below a year earlier.