

Home Construction and the Housing Market

Mark Hamrick:

The latest numbers on new home construction show the industry's still under significant strain, but contained some signs the three-year slide may be improving. A 2.8 percent rebound in single-family construction in April signaled the sector is starting to stabilize, with the bulk of the weakness concentrated in construction of multifamily homes.

David Crowe:

Multifamily sector is under a great deal of stress. First of all, they er, have a longer development window, so they're feeling the pain of this crimp in financing. They're unable to get financing to start their projects. Uh, multifamily sector is also primarily rental right now, uh, and there's a g-significant overhang of housing units out there, particularly in the rental stock. Uh. So there's a large, uh, competition for rental buildings already.

Mark Hamrick:

Construction of new homes and apartments fell nearly thirteen percent to an annual rate of 458,000 units last month; that's the lowest pace on records going back a half-century. Applications for new building permits were down 3.3 percent to 494,000; that's also the lowest on record. Housing construction and sales are expected to bottom out in the second half of the year, but economists are forecasting that prices will keep falling until next spring.

David Crowe:

Builders are gonna be very cautious about starting anything until they're very sure that sales are up again, uh, that the consumer is truly back in the marketplace.

Mark Hamrick:

Getting consumers to begin buying again is one of the challenges the industry's facing. The median price of a new home sold in March was just over \$201,000. That's down twenty-three percent from a peak two years earlier. Prices are expected to continue falling in the coming months, but at a moderating pace.

Mark Hamrick:

Mark Hamrick, The Associated Press.

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