Housing starts decline

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WASHINGTON - Construction of new homes fell 4.7 percent in September, the biggest decline in six months, reflecting weakness in both singlefamily activity and apartment building.

The September result left construction at a seasonally adjusted annual rate of 1.13 million units, the Commerce Department reported Wednesday. It was the sharpest decline since a

7.7 percent fall in March.

Homebuilding has been sliding this year, but economists remain optimistic that the low level of unemployment will soon spark a rebound in sales and construction. Even though construction activity has fallen in recent months, home building is 6.1 percent higher than a year ago.

Single-family building contracted 4.6 percent in September, while apartment construction was down 5.1 percent

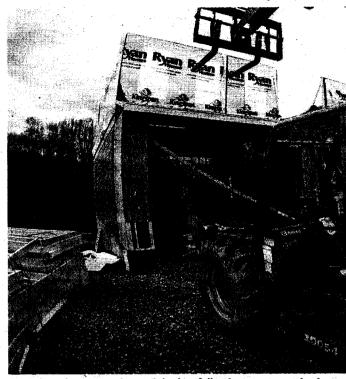
Construction activity in August declined a revised 0.2 percent, a slightly smaller drop than initially reported. Damage from Hurricanes Harvey and Irma did not have a major effect on the August figures.

Application for building permits, a sign of future activity, dropped 4.5 percent in September to an annual rate of 1.22 million units.

Even with the decline in construction and permits, analysts found reasons for optimism. Ian Shepherdson, chief economist at Pantheon Macroeconomics, noted that permits for single-family construction rose 2.4 percent even though the overall permit number was held back by a 16.1 percent plunge for apartment building.

"We're expecting new-home sales to strengthen markedly," he said in a research note, spurred by potential buyers rushing to close deals before mortgage rates move higher.

A survey released Tuesday showed that homebuilders are feeling more



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optimistic than they have in months about the future. The National Association of Home Builders/Wells Fargo builder sentiment index rose 4 points to 68 in October, the highest reading since May. Readings above 50 indicate more builders see conditions as good rather than poor.

A shortage of homes for sale combined with rising prices has translated into an affordability challenge for many would-be buyers.

In September, construction was down in all regions of the country except the West, where construction starts rose 15.7 percent. Construction fell the most in the Midwest, a drop of 20.2 percent. Construction was down 9.3 percent in the South and 9.2 percent in the Northeast.