

Housing starts, permits fall sharply in October

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WASHINGTON (Reuters) - New U.S. housing starts in October unexpectedly fell to their lowest level in six months, weighed down by a sharp decline in construction activity for both single-family and multi-family dwellings, a government report showed on Wednesday.

The Commerce Department said housing starts dropped 10.6 percent to a seasonally adjusted annual rate of 529,000 units, the lowest level since April and the percentage drop was the biggest since January. Analysts polled by Reuters had expected housing starts to rise to 600,000 units. September's housing starts were revised upwards to 592,000 units from the previously reported 590,000 units.

Groundbreaking for single-family homes fell 6.8 percent last month to an annual rate of 476,000 units, the lowest since May. Starts for the volatile multifamily segment tumbled 34.6 percent to a 53,000 annual pace, extending the previous month's slump.

Compared to October last year, housing starts dropped 30.7 percent.

The latest data will be a blow to the housing market, which had shown signs of stabilization after a three year slump. Residential investment contributed to economic growth in the July-September period for the first time since 2005. The U.S. economy expanded in the last quarter after four straight quarters of decline.

The recovery in the housing market has been led by the popular \$8,000 tax credit for first-time buyers, which has since been extended and expanded by the government. It had been due to expire this month. In October, it was unclear whether the incentive would be extended and this could have contributed to the slide in construction activity last month.

New building permits, which give a sense of future home construction, fell 4 percent to 552,000 units in October. That compared to analysts' forecasts for 580,000 units. Compared to the same period a year-ago, building permits fell 24.3 percent.

The inventory of total houses under construction dropped to a record low 560,000 units last month, the department said, while the total number of permits authorized but not yet started tumbled to an all-time low of 93,900 units.

http://finance.yahoo.com/news/US-housing-starts-permits-rb-1220483596.html;_ylt=AuuvhwWrZLJnG1Vunio51_m7YWsa;_ylu=X3oDMTE1a241OGUzBHBvcwMyBHNIYwN0b3BTdG9yaWVzBHNsawN1c?x=0&sec=topStories&pos=main&asset=&cocode=