

RISMEDIA, May 21, 2009-Production of single-family homes edged upward in April 2009 as builders responded to improving conditions for new-home buyers, according to newly released figures by the U.S. Commerce Department. While overall starts fell 12.8% to a record-low seasonally adjusted annual pace of 458,000 units, the decline was entirely confined to the multifamily sector, where production fell 46% to a 90,000-unit pace for the month, while single-family starts posted a 2.8% gain to 368,000 units.

“With some of the best home-buying conditions of a lifetime now in place-including historically low mortgage rates, affordable prices and a first-time home buyer tax credit-single-family builders are starting to see the light on the horizon as more consumers realize they can now obtain the home of their dreams,” said NAHB Chairman Joe Robson. “Meanwhile, the extreme difficulty that builders are encountering in obtaining financing for new multifamily structures has ground production in that sector almost to a halt.”

“A severe credit crunch for acquisition, development and construction financing and a lack of investor interest in Low Income Housing Tax Credits are the main factors that are keeping apartment builders from moving ahead with new projects, along with the competition from excess inventory that’s on the market,” noted NAHB Chief Economist David Crowe.

“Ultimately, the logjam in builder financing must be broken in order for housing construction to provide the boost that the national economy needs to get back on track.”

Meanwhile, improving activity on the single-family side aligns with what builders have been reporting in recent NAHB surveys, Crowe said. “Very attractive housing affordability factors-particularly the federal \$8,000 first-time home buyer tax credit and other tax credits being offered by states for purchases of newly constructed homes are helping drive potential buyers back into the market,” he explained.

Single-family housing starts rose for a second consecutive month in April, posting a 2.8% gain to a 368,000-unit pace for the month. At the same time, issuance of single-family permits, which can be an indicator of future building activity, rose 3.6% to 373,000 units.

On the multifamily side, starts fell 46% to an all-time low 90,000-unit pace, while permits declined nearly 20% to 121,000 units.

Regionally, combined single- and multifamily housing starts declined across every part of the country except the West in April, where a 42.5% gain offset a nearly equivalent decline in the previous month. Starts fell 30.6% in the Northeast, 21.4% in the Midwest and 21.1% in the South, again largely due to big declines in the more volatile multifamily sector.

Similarly, regional permit issuance for combined single- and multifamily units was down in all but the West, which reported no change for April, while the Northeast posted a 7% decline, the Midwest a 4.8% decline and the South a 3.4% decline.