US HOUSING STARTS REBOUNDED IN JUNE

WASHINGTON: US homebuilding rebounded more than expected in June after declining for three straight months, but construction activity remains constrained by rising lumber prices and labor and material shortages.

Homebuilding jumped 8.3 percent to a seasonally adjusted annual rate of 1.22 million units, the highest level since February, in both single-family and multi-family housing, the Commerce Department said yesterday. May’s sales pace was revised up to 1.16 million units from the previously reported 1.1 million units.

Economists polled by Reuters had forecast housing starts rising to a seasonally adjusted annual rate of 1.16 million units last month. Homebuilding rose 2.1 percent on a year-over-year basis in June.

Despite the boost, homebuilding has held momentum after strong gains in both the fourth and first quarters. Economists blame the slowdown on rising lumber and building supplies prices.

A survey on Tuesday showed confidence among homebuilders hit an eight-month low in July amid complaints about high lumber prices and shortages of building lots and labor. Lumber prices have surged 76 percent this year, driven by a surfeit of demand that has outpaced industry capacity for far longer than the industry has experienced in decades.

Starting in the volatile multi-family housing sector, which accounts for the largest share of the residential housing market, surged 6.3 percent to an annual rate of 405,000 units last month, also the highest level since February.

Single-family construction has lost ground since reaching a peak in 2016 as rising material costs, particularly for lumber, have offset demand from rising income and employment. Single-family starts increased 9.2 percent in the Northeast and 7.6 percent in the Midwest. They declined 2 percent in the South, where more than half of new homebuilding occurs, and advanced 10.6 percent in the West to their highest level last October.

For the volatile multi-family housing sector, which accounts for 37 percent of a 1.22 million-unit rate, after three straight months of declines, it posted a 13 percent increase.

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