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Home Building drops to 17 year low

In July the level of new construction on homes and apartments fell to its lowest level in more than 17 years. The Commerce Department reported that builders broke ground on 965,000 units, falling from 1.08 million in June and proving to be the weakest building rate since March of 1991.

Despite the 17 year low the month of July provided, home building levels were still higher than expected. Economists on Wall Street estimated new construction to fall to a pace of 950,000 units; builders stayed just above that at the previously stated number of 965,000 units.

The Commerce Department also stated that production on single-family homes fell in July by 2.9 percent from the month before to a rate 641,000; numbers which are now the lowest since January of 1991. Construction on new homes in general dropped a drastic 39.2 percent compared to July of 2007.

Permits in the housing industry fell to a rate of 937,000, a drop of 17.7 percent from June. In spite of the 17.7 percent drop, numbers were again higher than the 925,000 that analysts anticipated.

Nationwide, homebuilders are placing their trust in the new housing rescue package that was passed by Congress last month hoping it will give the needed boost to an already dreary market. Currently the rescue package includes a transitory \$7,500 tax credit that is provided to first-time homebuyers; the tax credit in actual fact becomes a 15-year, interest-free loan.