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## **NEW-HOME CONSTRUCTION COOLS TO MORE SUSTAINABLE PACE**

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**WASHINGTON, April 18**—The pace of new-home construction continued its orderly cooldown in March, dipping 7.8 percent for the month following a temporary surge earlier this year caused in part by unseasonably pleasant winter weather across the nation.

Total housing starts dropped to a seasonally adjusted annual rate of 1.960 million units in March, according to figures released by the Commerce Department today. The rate of construction for the first quarter of 2006 was 2.131 million units, the strongest pace for any quarter of the current economic expansion.

Single-family housing starts were down 12.0 percent for the month to a pace of 1.591 million units. The first quarter average was an economic expansion high of 1.749 million units.

“Builders are seeing a softening in demand because of rising interest rates, affordability issues and a reduced presence of investors/speculators in the housing market,” said David Pressly, president of the National Association of Home Builders (NAHB) and a home builder from Statesville, N.C. “Builders understand that the market is cooling off from the frenetic pace of the last several years and are adjusting accordingly.”

“The sizeable declines in housing starts for March partly reflected a return to more normal weather patterns, but it’s clear that builders are adjusting their production levels to the lower levels of demand evident in the market,” said NAHB Chief Economist David Seiders.

“We should see some further declines in starts as the year progresses, but we’re expecting an orderly transition to more sustainable levels rather than an abrupt housing contraction,” Seiders added. “NAHB expects housing starts to decline by about 6 percent for 2006 as a whole, mainly because of a reduced role for investors/speculators.”

All four regions reported decreases in housing starts for the month. Construction of new homes and apartments was down 0.5 percent in the Northeast, 8.2 percent in the Midwest, 4.8 percent in the South and 15.5 percent in the West.

Multifamily housing construction increased by 15.7 percent for the month to a seasonally adjusted pace of 369,000 units, and the average for the first quarter was a robust 382,000 units. Issuance of total building permits decreased 5.5 percent in March to a seasonally adjusted rate of 2.059 million units for the month. Single-family permit issuance was down 6.9 percent to a pace of 1.542 million units for the month. The pace of multifamily permit issuance decreased 0.1 percent to a pace of 517,000 units for the month.