

US home construction drops 30.2% in April as virus rages

AP

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A construction crew loads dirt on a building site, Monday, May 18, 2020 in East Greenwich, N.J. (AP Photo/Matt Slocum)

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WASHINGTON (AP) — U.S. home building plunged in April to the lowest level in five years, taken down by the economic fallout from the coronavirus pandemic.

The Commerce Department said Tuesday that ground breakings plummeted 30.2% last month to a seasonally adjusted annual rate of 891,000. That is the lowest level since February 2015. Construction of single-family homes dropped 25.4% to an annual rate of 650,000.

No region was spared. Housing starts dropped 43.6% in the Northeast, 14.9% in the Midwest, 26% in the South and 43.4% in the West.

"The monumental decline in home construction activity in April was widely expected, but the decline is breathtaking nevertheless," said Matthew Speakman, economist for the real estate firm Zillow. "The monthly decline in housing starts was easily the largest on record."

The lockdowns and travel restrictions designed to contain the pandemic have brought economic life to a near standstill. The unemployment rate is 14.7%, highest since the Great Depression.

Commerce reported a 8.1% drop in the completion of homes under construction, which means many are being left half built.

The construction slump is likely to continue. Building permits for new housing dropped 20.8% to an annual rate of 1.07 million.