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## April housing construction news positive

**224 permits issued countywide; in March it was 17**

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Two positive signals in the housing industry – higher construction permits and improved builder confidence – suggested yesterday that the market is not moving inexorably in a downward direction.

Local agencies in San Diego County authorized 484 housing units in April, up from only 193 in March, according to the Construction Industry Research Board. It marked the largest one-month total since July and only the sixth time in 20 years of record keeping that April was ahead of March.

Ben Bartolotto, executive director of the Burbank-based data collection bureau, said he is still compiling permit figures from other counties but that San Diego was not alone among those he has checked so far.

“I’ve noticed around the state that definitely last month (March) must have been an aberration,” Bartolotto said. “We’re seeing a lot more in April.”

Builder confidence also rose a notch in the west last month, the National Association of Home Builders reported, though it remained at a near-record low and continued to fall in other regions.

The county permit count showed a particularly large increase in the multifamily housing category. Permits were issued for 224 units, up from a March record low of 17. Bartolotto traced the increase to several condominium and apartment projects with a combined 180 units in the city of San Diego and a smattering of 10- and 20-unit projects in other cities.

But Peter Dennehy, senior vice president of Sullivan Group Real Estate Advisors, said the January-April total of 1,410 was still far below 3,094 for the same period last year.

Builders are telling him that they are willing to green-light new phases if sales are strong. “They’re plugging forward but not in a big way,” he said.

Sales are occurring when builders offer attractive prices and incentives, Dennehy said.

“Prices are way down from a year ago and probably have a ways to fall because of foreclosures,” he said, adding that foreclosures seem to be selling well, along with bank-owned properties.

Dennehy said further evidence of an overall trend should come with the upcoming monthly sales report from DataQuick Information Systems.

The construction permit report for San Diego also included figures for nonresidential building activity. They showed that permits issued in April were valued at \$128.7 million, compared with \$141.5 million in March,

and \$109.7 million in April 2007.

The overall permit value, combining residential and nonresidential activity, was \$265.3 million, compared with \$218.9 million in March and \$270.3 million in April 2007.

For the first four months of the year, the running total was \$849.4 million, compared with \$1.2 billion for the same period last year.

Meanwhile, the National Association of Home Builders reported that the NAHB-Wells Fargo Housing Market Index stood at 19, one point above the record low set in December. An index of 50 in the survey of builders is considered the midpoint between high and low confidence levels.

However, the index for the West rose three points to 20, while the Northeast dropped four points to an all-time low of 18 and the Midwest was down three points to 12, also an all-time low. The South dropped two points to 22.

“This certainly adds fuel to the argument that targeted policy stimulus, in the form of a temporary tax credit for home buyers, is essential to halt the housing downswing and remove the heavy drag being exerted by housing on overall economic growth,” said NAHB chief economist David Seiders in a statement.

Congress is considering additional economic stimulus measures beyond those passed several weeks ago that included a special tax rebate to most households and temporary increases in the conforming loan limit for high-priced areas such as San Diego.

Yesterday's economic news also included a slight drop in mortgage interest rate levels, according the primary mortgage market survey conducted by Freddie Mac.

It said the 30-year, fixed-rate mortgage averaged 6.01 percent with an average 0.6 point, down from 6.05 last week. The 15-year fixed-rate mortgage was unchanged and the five-year and one-year adjustable-rate mortgages rates were down.

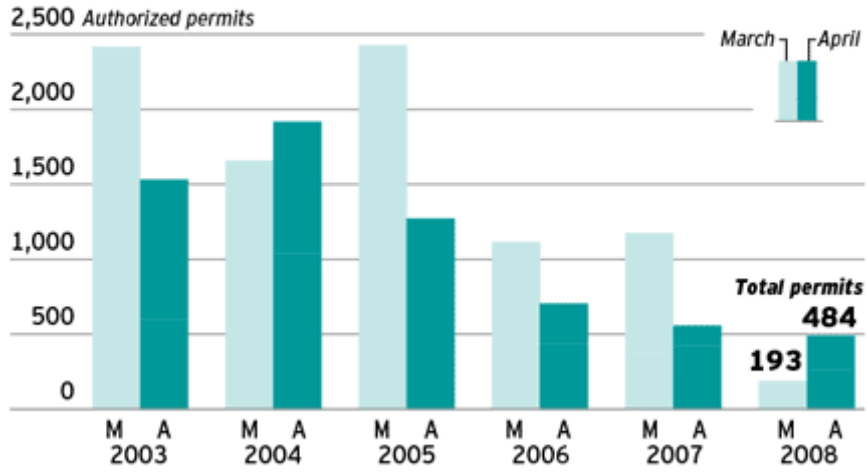
Frank Nathaft, Freddie Mac vice president and chief economist, said recent predictions of improvement in financial markets helped ease mortgage rates.

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## San Diego County building permits

A rise in authorized building permits April over March this year may offer some hope in an otherwise gloomy housing market.



SOURCE: Construction Industry Research Board AARON STECKELBERG / Union-Tribune

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