O THE DELIGHT of home sellers and homebuilders, the Texas housing market has not slowed as expected. New home sales continued very strong across much of Texas in the first quarter; building permits were up 11 percent compared with the first quarter of 1998. In addition to constructing these recently sold homes, builders are struggling to complete the backlog of houses sold in previous months. With construction activity so strong, builders report it is taking longer to complete homes due to shortages of skilled labor and construction materials. While cement was in short supply last year, builders’ latest difficulties are in getting drywall and bricklayers. These delays in new home building have also made existing homes more attractive to buyers. Existing homes are reportedly being snapped up in as little as two days in certain areas, with some buyers making offers in excess of the asking price.

Competing for these resources are road improvements funded by the federal highway bill and construction of apartments and offices. The current high levels of office and apartment construction are due in large part to projects started months ago. Contract values for nonresidential building in the first quarter were down 17 percent compared with a year earlier, indicating slowing in new office and industrial projects. However, road construction is just getting under way. Nonbuilding contract values, which include road construction, were up 78 percent in the first quarter compared with a year earlier. These highway projects may help keep demand for construction labor high; construction jobs surged an annualized 8.5 percent in the first quarter.

— Sheila Dolmas