

Housing Builds Case for Rate Rise

By John
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New home construction is booming—and laying a strong foundation for an interest-rate increase next month.

U.S. housing starts in July hit their highest levels since October 2007, rising 0.2% from a month earlier to a seasonally adjusted rate of 1.21 million. Starts on single-family homes, which exclude apartments, were up 12.8%.

New home construction is linked very strongly to employment. Specifically, changes in housing...