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Abstract

The bright spot in September was new single-family sales, but housing starts appear to have stalled on a monthly basis. Regionally, data were mixed across all sectors. New construction spending's contribution to U.S. gross domestic product decreased on a quarterly basis.

Keywords: housing permits, starts, under construction, completions, construction spending, new sales, existing sales, regional housing data, economic indicators

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Summary

Historically, and currently, new single-family construction is the largest value-added wood products consuming sector and is a leading coincident economic indicator of the U.S. economy. The aggregate U.S. housing market was mixed in September, as many monthly indicators were negative on a month-over-month basis. Multi-family starts declined on a monthly and year-over-year basis. New single-family sales exhibited extraordinary improvement; yet single-family starts declined on a monthly basis. On a year-over-year basis, the majority of construction and sales data were positive. New single-family construction spending improved minimally on a monthly and year-over-year basis.

This housing brief includes housing starts, permits, houses under construction, completions, sales, and construction spending data available from the U.S. Department of Commerce and the National Association of Realtors. The data are compared on a month-over-month (M/M) and year-over-year (Y/Y) basis. For more detailed information and commentary, the monthly “Virginia Tech–U.S. Forest Service Housing Commentary” is available at <http://woodproducts.sbio.vt.edu/housing-report>. Additionally, in-depth semi-annual and annual housing construction research is available via Treesearch (<https://www.fs.usda.gov/treesearch/>) by inputting “Alderman”.

September 2017 Housing Scorecard

Category ^a	Month-over-month change	Year-over-year change
Housing starts (total)	▼ 4.7%	▲ 6.1%
Single-family	▼ 4.6%	▲ 5.9%
Multi-family	▼ 5.1%	▼ 14.9%
Housing permits (total)	▼ 4.5%	▼ 4.3%
Single-family	▲ 2.4%	▲ 9.3%
Multi-family	▼ 24.0%	▼ 16.1%
Housing under construction (total)	▲ 1.3%	▲ 4.6%
Single-family	▲ 0.3%	▲ 4.7%
Multi-family	▼ 0.2%	▼ 0.8%
Housing completions (total)	▲ 1.1%	▲ 10.3%
Single-family	▲ 4.6%	▲ 8.8%
Multi-family	▼ 6.3%	▲ 14.3%
New single-family house sales	▲ 18.3%	▼ 17.0%
Private residential construction spending	NC 0.0%	▲ 9.6%
Single-family construction spending	▲ 0.2%	▲ 1.9%
Existing house sales ^b	▲ 0.7%	▼ 1.5%

^a Data from U.S. Department of Commerce–Construction.

^b Data from National Association of Realtors.

Starts

Total starts in September 2017 were at a seasonally adjusted annual rate (SAAR) of 1,127,000. This is 4.7% less than August 2017 and 6.1% more than September 2016. Single-family (SF) starts were 829,000, which is 4.6% less than August 2017. Multi-family (MF) starts of two to four units were 12,000 and five units or more were 286,000 (Census Bureau 2017a). September 2017 total starts were less than the 58-year average of 1,439,000.

Regionally, the South remains the strongest market, where total starts were 527,000, of which 403,000 were SF and 124,000 were MF. The West followed with total starts of 347,000, of which 227,000 were SF and 120,000 were MF. Total Midwest starts were 154,000, of which 126,000 were SF and 28,000 were MF. The Northeast recorded total starts of 99,000, of which 73,000 were SF and 26,000 were MF (Census Bureau 2017a). Table 1 provides specific information on each housing start category for September 2017.

Table 1—National and regional U.S. housing starts for September 2017 in comparison to August 2017 and September 2016

	Total starts ^a	Single-family	Multi-family (2–4 units) ^b	Multi-family (≥5 units)
Sep-17	1,127,000	829,000	12,000	286,000
Aug-17	1,183,000	869,000	9,000	305,000
Sep-16	1,062,000	783,000	14,000	265,000
Month-over-month change	–4.7%	–4.6%	33.3%	–6.2%
Year-over-year change	6.1%	5.9%	–14.3%	7.9%
	Northeast	Midwest	South	West
Sep-17	99,000	154,000	527,000	347,000
Aug-17	107,000	193,000	581,000	300,000
Sep-16	95,000	150,000	539,000	278,000
Month-over-month change	–9.2%	–20.2%	–9.3%	15.7%
Year-over-year change	4.2%	2.7%	–2.2%	24.8%

^a Source: U.S. Department of Commerce—Construction (SAAR).

^b Multifamily two- to four-unit starts are not reported directly but are an estimation: 2 to 4 starts = (Total starts – (SF starts + MF ≥5 starts)).

Permits

Total building permits issued in September 2017 were at a SAAR of 1,215,000. This is 4.5% less than August 2017 and a 4.3% decrease from September 2016. SF permits were 819,000, which was 2.4% more than August 2017. MF permits of two to four units were 36,000 and five units or more were 360,000 (Census Bureau 2017a). Historically, MF permits can be extremely variable, M/M and Y/Y.

Regionally, the South remains the strongest market, where total permits issued were 585,000, of which 425,000 were SF and 160,000 were MF. The West followed with total permits of 326,000, of which 201,000 were SF and 125,000 were MF. Midwest total permits were 185,000, of which 123,000 were SF and 62,000 were MF. In the Northeast, total permits were 119,000, of which 70,000 were SF and 49,000 were MF (Census Bureau 2017a). Table 2 provides specific information on each permit category for September 2017.

Table 2—National and regional U.S. housing permits for September 2017 in comparison to August 2017 and September 2016

	Total permits ^a	Single-family	Multi-family (2–4 units) ^b	Multi-family (≥5 units)
Sep-17	1,215,000	819,000	36,000	360,000
Aug-17	1,272,000	800,000	36,000	436,000
Sep-16	1,270,000	749,000	39,000	482,000
Month-over-month change	–4.5%	2.4%	0.0%	–17.4%
Year-over-year change	–4.3%	9.3%	–7.7%	–25.3%
	Northeast	Midwest	South	West
Sep-17	119,000	185,000	585,000	326,000
Aug-17	109,000	184,000	620,000	359,000
Sep-16	142,000	181,000	618,000	329,000
Month-over-month change	9.2%	0.5%	–5.6%	–9.2%
Year-over-year change	–16.2%	2.2%	–5.3%	–0.9%

^a Source: U.S. Department of Commerce—Construction (SAAR).

Housing under Construction

Total housing under construction (HUC) issued in September 2017 was at a SAAR of 1,082,000. This is 0.3% more than August 2017 and 4.7% greater than September 2016. SF HUC was 476,000, which is 0.8% more than August 2017. MF HUC of two to four units were 10,000 and five units or more were 596,000 (Census Bureau 2017a).

Regionally, the South remains the strongest market, where the total HUC was 441,000, of which 227,000 were SF and 214,000 were MF. The West followed, with a total HUC of 302,000 units, of which 119,000 were SF and 183,000 were MF. The Northeast total HUC was 188,000, of which 53,000 were SF and 135,000 were MF. Midwest total HUC was 151,000, of which 77,000 were SF and 74,000 were MF. The Northeast totaled 188,000, of which 53,000 were SF and 135,000 were MF (Census Bureau 2017a). Table 3 provides data for each category of housing under construction for September 2017.

Table 3—National and regional U.S. housing under construction for September 2017 in comparison to August 2017 and September 2016

	Total under construction ^a	Single-family	Multi-family (2-4 units) ^b	Multi-family (≥5 units)
Sep-17	1,082,000	476,000	10,000	596,000
Aug-17	1,079,000	472,000	10,000	597,000
Sep-16	1,033,000	432,000	11,000	590,000
Month-over-month change	0.3%	0.8%	0.0%	-0.2%
Year-over-year change	4.7%	10.2%	-9.1%	1.0%
	Northeast	Midwest	South	West
Sep-17	188,000	151,000	448,000	302,000
Aug-17	187,000	152,000	441,000	293,000
Sep-16	190,000	139,000	446,000	262,000
Month-over-month change	0.5%	-0.7%	1.6%	3.1%
Year-over-year change	-1.1%	8.6%	0.4%	15.3%

^a Source: U.S. Department of Commerce—Construction (SAAR).

^b Multifamily two- to four-units under construction are not reported directly but are an estimation: 2 to 4 units under construction = (Total units under construction - (SF under construction + MF ≥5 units under construction)).

Housing Completions

Total completions in September 2017 were at a SAAR of 1,109,000. This is 1.1% more than August 2017 and 10.3% greater than September 2016. SF completions were 781,000, which is 4.6% less than August 2017. MF completions of two to four units were 6,000 and five units or more were 322,000 (Census Bureau 2017a).

The South remains the strongest market, where total completions were 592,000, of which 419,000 were SF and 72,000 were MF. The West followed, with total completions of 252,000 units, of which 197,000 were SF and 55,000 were MF. Midwest total completions were 182,000, of which 110,000 were SF and 72,000 were MF. Total Northeast completions were 83,000, of which 55,000 were SF and 28,000 were MF (Census Bureau 2017a). Table 4 provides discrete data for each completion category for September 2017.

Table 4—National and regional U.S. housing completions for September 2017 in comparison to August 2017 and September 2016

	Total completions ^a	Single-family	Multi-family (2-4 units) ^b	Multi-family (≥5 units)
Sep-17	1,109,000	781,000	6,000	322,000
Aug-17	1,097,000	747,000	3,000	347,000
Sep-16	1,005,000	718,000	14,000	273,000
Month-over-month change	1.1%	4.6%	100.0%	-7.2%
Year-over-year change	10.3%	8.8%	-57.1%	17.9%
	Northeast	Midwest	South	West
Sep-17	83,000	182,000	592,000	252,000
Aug-17	141,000	176,000	524,000	256,000
Sep-16	97,000	118,000	537,000	253,000
Month-over-month change	-41.1%	3.4%	13.0%	-1.6%
Year-over-year change	-14.4%	54.2%	10.2%	-0.4%

^a Source: U.S. Department of Commerce—Construction (SAAR).

^b Multifamily two- to four-units completions are not reported directly but are an estimation: 2 to 4 unit completions = (Total completions - (SF completions + MF ≥5 completions)).

New Single-Family House Sales

Total new house sales in September 2017 were estimated at a SAAR of 667,000 units. This was an extraordinary increase of 18.9% from August 2017 and 17.0% greater than September 2016. Regionally, the South remains the strongest market with total new SF house sales of 405,000, followed by the West with 141,000. The Midwest had 73,000 sales, and the Northeast had 48,000 (Census Bureau 2017b).

The median sales price of new houses sold in September 2017 was \$319,700, and the mean sales price was \$385,200 (Census Bureau 2017b). Table 5 provides specific information on each house sales category for September 2017.

Table 5—National U.S. housing sales data for September 2017 in comparison to August 2017 and September 2016

	New single-family sales ^a	Median price	Mean price	Month's supply
Sep-17	667,000	\$319,700	\$385,200	5.0
Aug-17	561,000	\$303,800	\$364,300	6.0
Sep-16	570,000	\$314,800	\$366,100	5.1
Month-over-month change	18.9%	5.2%	5.7%	-16.7%
Year-over-year change	17.0%	1.6%	5.2%	-2.0%
	Northeast	Midwest	South	West
Sep-17	48,000	73,000	405,000	141,000
Aug-17	36,000	66,000	322,000	137,000
Sep-16	31,000	75,000	329,000	135,000
Month-over-month change	33.3%	10.6%	25.8%	2.9%
Year-over-year change	54.8%	-2.7%	23.1%	4.4%

^a Source: U.S. Department of Commerce—new sales (SAAR).

Private Residential Construction Spending

New SF starts and sales are vital to the wood products industry, as new units consume more value-added products than any other wood consuming sector. Aggregate new housing construction spending has generally lagged the overall economy since 2010. New construction and spending are two of the factors often mentioned for the subdued economic recovery, and September's expenditure data bear this out. Total private residential construction spending for September 2017 was \$515,422 million, no change from August 2017 and a 9.6% increase over September 2016. SF construction spending was \$265,538 million and MF construction spending was \$62,014 million. Improvement or remodeling spending was \$187,870 million (Census Bureau 2017c). Table 6 provides data for each construction spending category for September 2017.

Table 6—National U.S. housing construction spending for September 2017 in comparison to August 2017 and September 2016

	Total private residential construction spending ^{a, b}	Single-family	Multi-family	Improvement ^c
Sep-17	\$515,422	\$265,538	\$62,014	\$187,870
Aug-17	\$515,612	\$265,030	\$61,637	\$188,945
Sep-16	\$470,108	\$237,207	\$61,488	\$171,413
Month-over-month change	0.0%	0.2%	0.6%	-0.6%
Year-over-year change	9.6%	11.9%	0.9%	9.6%

^a Reported in nominal U.S. dollars, millions of dollars, and SAAR.

^b Source: U.S. Department of Commerce.

^c The U.S. DOC does not report improvement spending directly. This is a monthly estimation: Improvement spending = (Total private spending - (SF spending + MF spending)).

Existing House Sales

Existing house sales in September 2017 were at a SAAR of 5,390,000 units. This is a 0.7% increase from August 2017 and a 1.5% decline from September 2016. Regionally, the South remains the strongest market, with total existing house sales of 2,130,000 units, followed by the Midwest at 1,300,000 units. The West had total existing sales of 1,240,000 units, and the Northeast had 720,000 units. Table 7 provides specific information on each existing house sales category for September 2017.

Table 7—National U.S. existing house sales for September 2017 in comparison to August 2017 and September 2016

	Existing house sales ^a	Median price	Mean price	Month's supply
Sep-17	5,390,000	\$245,100	\$286,700	4.2
Aug-17	5,350,000	\$253,100	\$294,400	4.2
Sep-16	5,470,000	\$235,200	\$277,000	4.5
Month-over-month change	0.7%	-3.2%	-2.6%	0.0%
Year-over-year change	-1.5%	4.2%	3.5%	-6.7%
	Northeast	Midwest	South	West
Sep-17	720,000	1,300,000	2,130,000	1,240,000
Aug-17	720,000	1,280,000	2,150,000	1,200,000
Sep-16	730,000	1,320,000	2,180,000	1,240,000
Month-over-month change	0.0%	1.6%	-0.9%	3.3%
Year-over-year change	-1.4%	-1.5%	-2.3%	0.0%

^a Source: National Association of Realtors (SAAR).

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Glossary

Housing completions—A house is defined as completed when all finished flooring has been installed (or carpeting if used in place of finished flooring). If the building is occupied before all construction is finished, it is classified as completed at the time of occupancy. In privately-owned buildings with two or more housing units, all of the units in the buildings are counted as completed when 50 percent or more of the units are occupied or available for occupancy. Housing completions are estimated for all areas of the United States, regardless of whether permits are required.

Housing permits—The approval given by a local jurisdiction to proceed on a construction project. Note that not all areas of the country require a permit for construction.

Housing starts—Start of construction occurs when excavation begins for the footings or foundation of a building. All housing units in a multifamily building are defined as being started when this excavation begins. Beginning with data for September 1992, estimates of housing starts include units in structures being totally rebuilt on an existing foundation.

Housing under construction—Estimates of housing units started, but not yet completed, are estimated for all areas of the United States, regardless of whether permits are required.

Regions—Northeast: Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, and Vermont. Midwest: Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin. South: Alabama, Arkansas, Delaware, District of Columbia, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, and West Virginia. West: Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, and Wyoming.

Seasonally adjusted annual rate—Seasonal adjustment is the process of estimating and removing seasonal effects from a time series to better reveal certain non-seasonal features such as underlying trends and business cycles. Seasonal adjustment procedures estimate effects that occur in the same calendar month with similar magnitude and direction from year to year. In series whose seasonal effects come primarily from weather, the seasonal factors are estimates of average weather effects for each month.

Single-family housing—Dwellings that include fully detached, semidetached (semi-attached, side-by-side), row houses, and townhouses.