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# United States Housing Brief, December 2017

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## Abstract

Although the aggregate U.S. housing market was mixed in December, both new single-family (SF) sales and starts were revised substantially downward. Other housing data appear to have flat-lined on a month-over-month basis. Regionally, data were mixed across all sectors. New SF construction and remodeling spending remain positive, increasing at an incremental pace.

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

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# United States Housing Brief, December 2017

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## Summary

Historically and currently, new single-family (SF) 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 December. New SF sales and SF starts exhibited substantive declines on a month-over-month basis. On a year-over-year basis, the majority of construction and sales data were positive. New SF construction spending improved minimally on a month-over-month 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/>) and inputting “Alderman”.

## December 2017 Housing Scorecard

Category <sup>a</sup>	Month-over-month change	Year-over-year change
Housing starts (total)	▼ 8.2%	▼ 6.0%
Single-family	▼ 11.8%	▲ 3.5%
Multi-family	▲ 1.4%	▼ 22.6%
Housing permits (total)	▼ 0.1%	▲ 2.8%
Single-family	▲ 1.8%	▲ 6.1%
Multi-family	▼ 3.9%	▼ 3.4%
Housing under construction (total)	▲ 0.7%	▲ 4.8%
Single-family	▲ 1.4%	▲ 11.8%
Multi-family	▲ 0.2%	▼ 0.3%
Housing completions (total)	▲ 2.2%	▲ 7.4%
Single-family	▲ 4.3%	▲ 6.9%
Multi-family	▼ 2.4%	▲ 8.5%
New single-family house sales	▼ 9.3%	▲ 14.1%
Private residential construction spending	▲ 0.5%	▲ 6.2%
Single-family construction spending	▲ 0.4%	▲ 8.7%
Existing house sales <sup>b</sup>	▼ 3.6%	▲ 1.1%

<sup>a</sup> Data from U.S. Department of Commerce–Construction.

<sup>b</sup> Data from National Association of Realtors.

## Starts

Total starts in December 2017 were at a seasonally adjusted annual rate (SAAR) of 1,192,000. This was 8.2% less than November 2017 and 6.0% less than December 2016. SF starts were 836,000, which was 11.8% less than November 2017. Multi-family (MF) starts of two to four units were 4,000 and five units or more were 352,000 (Census Bureau 2017a). December 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 582,000, of which 427,000 were SF and 155,000 were MF. The West followed with total starts of 344,000, of which 232,000 were SF and 112,000 were MF. Total Midwest starts were 178,000, of which 130,000 were SF and 48,000 were MF, and the Northeast recorded total starts of 88,000, of which 47,000 were SF and 41,000 were MF (Census Bureau 2017a). Table 1 provides specific information on each housing start category for December 2017.

**Table 1—National and regional U.S. housing starts for December 2017 in comparison to November 2017 and December 2016**

	Total starts <sup>a</sup>	Single-family	Multi-family (2–4 units) <sup>b</sup>	Multi-family (≥5 units)
Dec-17	1,192,000	836,000	4,000	352,000
Nov-17	1,299,000	948,000	8,000	343,000
Dec-16	1,268,000	808,000	11,000	449,000
Month-over-month change	-8.2%	-11.8%	-50.0%	2.6%
Year-over-year change	-6.0%	3.5%	-63.6%	-21.6%
	Northeast	Midwest	South	West
Dec-17	88,000	178,000	582,000	344,000
Nov-17	92,000	182,000	678,000	347,000
Dec-16	89,000	222,000	566,000	391,000
Month-over-month change	-4.3%	-2.2%	-14.2%	-0.9%
Year-over-year change	-1.1%	-19.8%	2.8%	-12.0%

<sup>a</sup> Source: U.S. Department of Commerce–Construction (SAAR).

<sup>b</sup> 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 December 2017 were at a SAAR of 1,302,000. This is 0.1% less than November 2017 and a 2.8% increase from December 2016. SF permits were 881,000, which was 1.8% more than November 2017. MF permits of two to four units were 39,000, and five units or more were 382,000 (Census Bureau 2017a). Historically, MF permits are extremely variable, M/M and Y/Y.

Regionally, the South remains the strongest market, where total permits issued were 579,000, of which 462,000 were SF and 117,000 were MF. The West followed with total permits of 361,000, of which 230,000 were SF and 131,000 were MF. Midwest total permits were 199,000, of which 133,000 were SF and 66,000 were MF, and in the Northeast, total permits were 163,000, of which 56,000 were SF and 107,000 were MF (Census Bureau 2017a). Table 2 provides specific information on each permit category for December 2017.

**Table 2—National and regional U.S. housing permits for December 2017 in comparison to November 2017 and December 2016**

	Total permits <sup>a</sup>	Single-family	Multi-family (2–4 units) <sup>b</sup>	Multi-family (≥5 units)
Dec-17	1,302,000	881,000	39,000	382,000
Nov-17	1,303,000	865,000	39,000	399,000
Dec-16	1,266,000	830,000	39,000	397,000
Month-over-month change	-0.1%	1.8%	0.0%	-4.3%
Year-over-year change	2.8%	6.1%	0.0%	-3.8%
	Northeast	Midwest	South	West
Dec-17	163,000	199,000	579,000	361,000
Nov-17	114,000	183,000	651,000	355,000
Dec-16	131,000	187,000	604,000	344,000
Month-over-month change	43.0%	8.7%	-11.1%	1.7%
Year-over-year change	24.4%	6.4%	-4.1%	4.9%

<sup>a</sup> Source: U.S. Department of Commerce–Construction (SAAR).

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

## Housing under Construction

Total housing under construction (HUC) issued in December 2017 was at a SAAR of 1,113,000. This is 0.7% more than November 2017 and 4.8% more than December 2016. SF HUC was 502,000, which is 1.4% more than November 2017. MF HUC of two to four units was 10,000, and five units or more was 601,000 (Census Bureau 2017a).

Regionally, the South remains the strongest market, where the total HUC was 447,000, of which 231,000 were SF and 216,000 were MF. The West followed with a total HUC of 321,000 units, of which 134,000 were SF and 187,000 were MF. The Northeast total HUC was 187,000, of which 53,000 were SF and 134,000 were MF. Midwest total HUC was 158,000, of which 84,000 were SF and 74,000 were MF (Census Bureau 2017a). Table 3 provides data for each category of housing under construction for December 2017.

**Table 3—National and regional U.S. housing under construction for December 2017 in comparison to November 2017 and December 2016**

	Total under construction <sup>a</sup>	Single-family	Multi-family (2–4 units) <sup>b</sup>	Multi-family (≥5 units)
Dec-17	1,113,000	502,000	10,000	601,000
Nov-17	1,105,000	495,000	11,000	599,000
Dec-16	1,062,000	449,000	11,000	602,000
Month-over-month change	0.7%	1.4%	–9.1%	0.3%
Year-over-year change	4.8%	11.8%	–9.1%	–0.2%
	Northeast	Midwest	South	West
Dec-17	187,000	158,000	447,000	321,000
Nov-17	188,000	155,000	446,000	316,000
Dec-16	191,000	144,000	448,000	279,000
Month-over-month change	–0.5%	1.9%	0.2%	1.6%
Year-over-year change	–2.1%	9.7%	–0.2%	15.1%

<sup>a</sup> Source: U.S. Department of Commerce–Construction (SAAR).

<sup>b</sup> 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 December 2017 were at a SAAR of 1,177,000. This is 2.2% more than November 2017 and 7.4% more than December 2016. SF completions were 818,000, which is 4.3% more than November 2017. MF completions of two to four units were 13,000, and five units or more were 346,000 (Census Bureau 2017a).

The South remains the strongest market, where the total completions were 601,000, of which 451,000 were SF and 150,000 were MF. The West followed with total completions of 298,000 units, of which 186,000 were SF and 112,000 were MF. Midwest total completions were 166,000, of which 119,000 were SF and 47,000 were MF. Total Northeast completions were 112,000, of which 62,000 were SF and 50,000 were MF (Census Bureau 2017a). Table 4 provides discrete data for each completion category for December 2017.

**Table 4—National and regional U.S. housing completions for December 2017 in comparison to November 2017 and December 2016**

	Total completions <sup>a</sup>	Single-family	Multi-family (2–4 units) <sup>b</sup>	Multi-family (≥5 units)
Dec-17	1,177,000	818,000	13,000	346,000
Nov-17	1,152,000	784,000	15,000	353,000
Dec-16	1,096,000	765,000	8,000	323,000
Month-over-month change	2.2%	4.3%	–13.3%	–2.0%
Year-over-year change	7.4%	6.9%	62.5%	7.1%
	Northeast	Midwest	South	West
Dec-17	112,000	166,000	601,000	298,000
Nov-17	145,000	176,000	602,000	229,000
Dec-16	102,000	184,000	574,000	236,000
Month-over-month change	–22.8%	–5.7%	–0.2%	30.1%
Year-over-year change	9.8%	–9.8%	4.7%	26.3%

<sup>a</sup> Source: U.S. Department of Commerce–Construction (SAAR).

<sup>b</sup> 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 December 2017 were estimated at a SAAR of 625,000 units. This was a substantial decrease of 9.3% from November 2017 and was 14.1% greater than December 2016. Regionally, the South remains the strongest market, with total new SF house sales of 331,000, followed by the West with 190,000. The Midwest had 63,000 sales, and the Northeast had 41,000.

The median sales price of new houses sold in December 2017 was \$335,400, and the mean sales price was \$398,900 (Census Bureau 2017b). Table 5 provides specific information on each house sales category for December 2017.

**Table 5—National U.S. housing sales data for December 2017 in comparison to November 2017 and December 2016**

	New single-family sales <sup>a</sup>	Median price	Mean price	Month's supply
Dec-17	625,000	\$335,400	\$398,900	5.7
Nov-17	689,000	\$334,900	\$383,600	4.9
Dec-16	548,000	\$327,000	\$382,500	5.6
Month-over-month change	-9.3%	0.1%	4.0%	16.3%
Year-over-year change	14.1%	2.6%	4.3%	1.8%
	Northeast	Midwest	South	West
Dec-17	41,000	63,000	331,000	190,000
Nov-17	42,000	70,000	367,000	210,000
Dec-16	37,000	65,000	286,000	160,000
Month-over-month change	-2.4%	-10.0%	-9.8%	-9.5%
Year-over-year change	10.8%	-3.1%	15.7%	18.8%

<sup>a</sup> 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 December's expenditure data bear this out. Total private residential construction spending for December 2017 was \$526,134 million, a 0.5% increase from November 2017 and a 6.2% increase from December 2016. SF construction spending was \$275,636 million, and MF construction spending was \$64,021 million. Improvement, or remodeling spending was \$186,477 million (Census Bureau 2017c). Table 6 provides data for each construction spending category for December 2017.

**Table 6—National U.S. housing construction spending for December 2017 in comparison to November 2017 and December 2016**

	Total private residential construction spending <sup>a, b</sup>	Single-family	Multi-family	Improvement <sup>c</sup>
Dec-17	\$526,134	\$275,636	\$64,021	\$186,477
Nov-17	\$523,767	\$274,444	\$62,391	\$186,932
Dec-16	\$495,435	\$253,601	\$61,190	\$180,644
Month-over-month change	0.5%	0.4%	2.6%	-0.2%
Year-over-year change	6.2%	8.7%	4.6%	3.2%

<sup>a</sup> Reported in nominal U.S. dollars, millions of dollars, and SAAR.

<sup>b</sup> Source: U.S. Department of Commerce.

<sup>c</sup> 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 December 2017 were at a SAAR of 5,570,000 units. This is a 3.6% decrease from November 2017 and a 1.1% improvement from December 2016. Regionally, the South remains the strongest market, with total existing house sales of 2,300,000 units, followed by the Midwest at 1,330,000 units. The West had total existing sales of 1,200,000 units, and in the Northeast 740,000 units were sold. Table 7 provides specific information on each existing house sales category for December 2017.

**Table 7—National U.S. existing house sales for December 2017 in comparison to November 2017 and December 2016**

	Existing house sales <sup>a</sup>	Median price	Mean price	Month's supply
Dec-17	5,570,000	\$246,800	\$288,200	3.2
Nov-17	5,780,000	\$247,200	\$289,500	3.5
Dec-16	5,510,000	\$233,300	\$274,900	3.6
Month-over-month change	-3.6%	-0.2%	-0.4%	-8.6%
Year-over-year change	1.1%	5.8%	4.8%	-11.1%
	Northeast	Midwest	South	West
Dec-17	740,000	1,330,000	2,300,000	1,200,000
Nov-17	800,000	1,420,000	2,340,000	1,220,000
Dec-16	760,000	1,310,000	2,230,000	1,210,000
Month-over-month change	-7.5%	-6.3%	-1.7%	-1.6%
Year-over-year change	-2.6%	1.5%	3.1%	-0.8%

<sup>a</sup> 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 December 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.