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# United States Housing Brief, January 2018

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## Abstract

The collective U.S. housing market was mixed in January, and once again new SF sales were revised sharply downward. SF housing starts were robust, and other data series appear to have flat-lined on a monthly 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, January 2018

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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 January. New single-family (SF) sales exhibited a substantive decline 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 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 month-over-month (M/M) and year-over-year (Y/Y) bases. 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”.

## January 2018 Housing Scorecard

Category <sup>a</sup>	Month-over-month change	Year-over-year change
Housing starts (total)	▲ 9.7%	▲ 7.3%
Single-family	▲ 3.7%	▲ 7.6%
Multi-family	▲ 23.7%	▲ 6.7%
Housing permits (total)	▲ 7.4%	▲ 7.4%
Single-family	▼ 1.7%	▲ 7.4%
Multi-family	▲ 26.5%	▲ 7.3%
Housing under construction (total)	▲ 0.9%	▲ 4.6%
Single-family	0.0%	▲ 11.6%
Multi-family	▲ 1.6%	▼ 0.5%
Housing completions (total)	▼ 1.9%	▲ 7.7%
Single-family	▲ 2.2%	▲ 6.0%
Multi-family	▼ 11.2%	▲ 12.5%
New single-family house sales	▼ 7.8%	▼ 1.0%
Private residential construction spending	▲ 0.3%	▲ 4.2%
Single-family construction spending	▲ 0.6%	▲ 8.8%
Existing house sales <sup>b</sup>	▼ 3.2%	▼ 4.8%

<sup>a</sup> Data from U.S. Census Bureau–Construction.

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

## Starts

Total starts in January 2018 were at a seasonally adjusted annual rate (SAAR) of 1,326,000. This was 9.7% greater than December 2017 and 7.3% greater than January 2017. SF starts were 877,000, which was 3.7% greater than December 2017. Multi-family (MF) starts of two to four units were 18,000 and five units or more were 431,000 (Census Bureau 2018a). January 2018 total starts were less than the 58-year average of 1,439,000.

Regionally, the South remains the strongest market, where total starts were 655,000, of which 462,000 were SF and 193,000 were MF. The West followed with total starts of 393,000, of which 229,000 were SF and 164,000 were MF. Total Midwest starts were 150,000, of which 120,000 were SF and 30,000 were MF. The Northeast recorded total starts of 128,000, of which 66,000 were SF and 62,000 were MF (Census Bureau 2018a). Table 1 provides specific information on each housing start category for January 2018.

**Table 1—National and regional U.S. housing starts for January 2018 in comparison to December 2017 and January 2017**

	Total starts <sup>a</sup>	Single-family	Multi-family (2–4 units) <sup>b</sup>	Multi-family (≥5 units)
Jan-18	1,326,000	877,000	18,000	431,000
Dec-17	1,209,000	846,000	3,000	360,000
Jan-17	1,236,000	815,000	3,000	418,000
Month-over-month change	9.7%	3.7%	500.0%	19.7%
Year-over-year change	7.3%	7.6%	500.0%	3.1%

  

	Northeast	Midwest	South	West
Jan-18	128,000	150,000	655,000	393,000
Dec-17	88,000	167,000	599,000	355,000
Jan-17	125,000	202,000	678,000	231,000
Month-over-month change	45.5%	-10.2%	9.3%	10.7%
Year-over-year change	2.4%	-25.7%	-3.4%	70.1%

<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 January 2018 were at a SAAR of 1,396,000. This is 7.4% more than December 2017 and January 2017. SF permits were 866,000, which was 1.7% less than December 2017. MF permits of two to four units were 51,000 and five units or more were 479,000 (Census Bureau 2018a). Historically, MF permits have been extremely variable, M/M and Y/Y.

Regionally, the South remains the strongest market, where total permits issued were 706,000, of which 475,000 were SF and 231,000 were MF. The West followed with total permits of 378,000, of which 227,000 were SF and 151,000 were MF. Midwest total permits were 189,000, of which 113,000 were SF and 76,000 were MF. In the Northeast, total permits were 123,000, of which 51,000 were SF and 72,000 were MF (Census Bureau 2018a). Table 2 provides specific information on each permit category for January 2018.

**Table 2—National and regional U.S. housing permits for January 2018 in comparison to December 2017 and January 2017**

	Total permits <sup>a</sup>	Single-family	Multi-family (2–4 units) <sup>b</sup>	Multi-family (≥5 units)
Jan-18	1,396,000	866,000	51,000	479,000
Dec-17	1,300,000	881,000	37,000	382,000
Jan-17	1,300,000	806,000	29,000	465,000
Month-over-month change	7.4%	-1.7%	37.8%	25.4%
Year-over-year change	7.4%	7.4%	75.9%	3.0%

  

	Northeast	Midwest	South	West
Jan-18	123,000	189,000	706,000	378,000
Dec-17	148,000	214,000	579,000	359,000
Jan-17	153,000	187,000	653,000	296,000
Month-over-month change	-16.9%	-11.7%	21.9%	5.3%
Year-over-year change	-19.6%	1.1%	8.1%	27.7%

<sup>a</sup> Source: U.S. Census Bureau–Construction (SAAR).

## Housing under Construction

Total housing under construction (HUC) issued in January 2018 were at a SAAR of 1,120,000. This is 0.9% greater than December 2017 and 4.6% greater than January 2017. SF HUC was 499,000, no change from December 2017. MF HUC of two to four units was 11,000 and five units or more was 610,000 (Census Bureau 2018a).

Regionally, the South remains the strongest market, where total HUC was 450,000, of which 231,000 were SF and 219,000 were MF. The West followed with a total HUC of 329,000 units, of which 133,000 were SF and 196,000 were MF. The Northeast total HUC was 188,000, of which 53,000 were SF and 135,000 were MF. Midwest total HUC was 153,000, of which 82,000 were SF and 71,000 were MF (Census Bureau 2018a). Table 3 provides data for each category of housing under construction for January 2018.

**Table 3—National and regional U.S. housing under construction for January 2018 in comparison to December 2017 and January 2017**

	Total HUC <sup>a</sup>	Single-family	Multi-family (2–4 units) <sup>b</sup>	Multi-family (≥5 units)
Jan-18	1,120,000	499,000	11,000	610,000
Dec-17	1,110,000	499,000	10,000	601,000
Jan-17	1,071,000	447,000	11,000	613,000
Month-over-month change	0.9%	0.0%	10.0%	1.5%
Year-over-year change	4.6%	11.6%	0.0%	–0.5%
	Northeast	Midwest	South	West
Jan-18	188,000	153,000	450,000	329,000
Dec-17	187,000	155,000	446,000	322,000
Jan-17	193,000	147,000	449,000	282,000
Month-over-month change	0.5%	–1.3%	0.9%	2.2%
Year-over-year change	–2.6%	4.1%	0.2%	16.7%

<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)).

## Housing Completions

Total completions in January 2018 were at a SAAR of 1,166,000. This is 1.9% less than December 2017 and 7.7% greater than January 2017. SF completions were 850,000, which is 2.2% more than December 2017. MF completions of two to four units were 11,000 and five units or more were 305,000 (Census Bureau 2018a).

The South remains the strongest market, where total completions were 589,000, of which 443,000 were SF and 146,000 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 169,000, of which 126,000 were SF and 43,000 were MF. Total Northeast completions were 110,000, of which 54,000 were SF and 56,000 were MF (Census Bureau 2018a). Table 4 provides discrete data for each completion category for January 2018.

**Table 4—National and regional U.S. housing completions for January 2018 in comparison to December 2017 and January 2017**

	Total completions <sup>a</sup>	Single-family	Multi-family (2–4 units) <sup>b</sup>	Multi-family (≥5 units)
Jan-18	1,166,000	850,000	11,000	305,000
Dec-17	1,188,000	832,000	13,000	343,000
Jan-17	1,083,000	802,000	4,000	277,000
Month-over-month change	–1.9%	2.2%	–15.4%	–11.1%
Year-over-year change	7.7%	6.0%	175.0%	10.1%
	Northeast	Midwest	South	West
Jan-18	110,000	169,000	589,000	298,000
Dec-17	116,000	176,000	600,000	296,000
Jan-17	84,000	174,000	611,000	214,000
Month-over-month change	–5.2%	–4.0%	–1.8%	0.7%
Year-over-year change	31.0%	–2.9%	–3.6%	39.3%

<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)).

## New Single-Family House Sales

Total new house sales in January 2018 were estimated at a SAAR of 593,000 units. This was a substantial decrease of 7.8% from December 2017 and slightly less than January 2017. Regionally, the South remains the strongest market with total new SF house sales of 301,000, followed by the West with 193,000. The Midwest had 75,000 sales, and the Northeast had 24,000.

The median sales price of new houses sold in January 2018 was \$323,000, and the mean sales price was \$382,700 (Census Bureau 2018b). Table 5 provides specific information on each house sales category for January 2018.

**Table 5—National and regional new U.S. housing sales for January 2018 in comparison to December 2017 and January 2017**

	New SF Sales <sup>a</sup>	Median Price	Mean Price	Month's Supply
Jan-18	593,000	\$323,000	\$382,700	6.1
Dec-17	643,000	\$336,700	\$394,600	5.5
Jan-17	599,000	\$315,200	\$357,700	5.2
Month-over-month change	-7.8%	-4.1%	-3.0%	10.9%
Year-over-year change	-1.0%	0.0%	-44.2%	2.7%
	Northeast	Midwest	South	West
Jan-18	24,000	75,000	301,000	193,000
Dec-17	36,000	65,000	351,000	191,000
Jan-17	43,000	73,000	338,000	145,000
Month-over-month change	-33.3%	15.4%	-14.2%	1.0%
Year-over-year change	-44.2%	2.7%	-10.9%	33.1%

<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)).

## Private Residential Construction Spending

New SF starts and sales are vital to the wood products industry because 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 January's tepid expenditure data bear this out. Total private residential construction spending for January 2018 was \$523,165 million, a 0.3% increase from December 2017 and a 4.2% increase from January 2017. SF construction spending was \$277,710 million, and MF construction spending was \$61,139 million. Improvement, or remodeling, spending was \$184,316 million (Census Bureau 2018c). Table 6 provides data for each construction spending category for January 2018.

**Table 6—National U.S. housing construction spending for January 2018 in comparison to December 2017 and January 2017**

	Total private residential construction spending <sup>a, b</sup>	Single-family	Multi-family	Improvement <sup>c</sup>
Jan-18	\$523,165	\$277,710	\$61,139	\$184,316
Dec-17	\$521,759	\$275,920	\$61,956	\$183,883
Jan-17	\$501,971	\$255,216	\$62,636	\$184,119
Month-over-month change	0.3%	0.6%	-1.3%	0.2%
Year-over-year change	4.2%	8.8%	-2.4%	0.1%

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

<sup>b</sup> Source: U.S. Census Bureau–Construction..

<sup>c</sup> The U.S. DOC Census Bureau 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 January 2018 were at a SAAR of 5,380,000 units. This is a 3.2% decrease from December 2017 and 4.8% less than January 2017. Regionally, the South remains the strongest market, with total existing house sales of 2,260,000 units, followed by the Midwest at 1,250,000 units. The West had total existing sales of 1,140,000 units, followed by the Northeast with 730,000 units. Table 7 provides specific information on each existing house sales category for January 2018.

**Table 7—National and regional existing U.S. housing sales for January 2018 in comparison to December 2017 and January 2017**

	Existing Sales <sup>a</sup>	Median Price	Mean Price	Month's Supply
Jan-18	5,380,000	\$240,500	\$282,100	3.4
Dec-17	5,560,000	\$246,500	\$288,300	3.2
Jan-17	5,650,000	\$269,500	\$42,370	3.6
Month-over-month change	-3.2%	-2.4%	-2.2%	6.3%
Year-over-year change	-4.8%	5.8%	4.7%	-5.6%

  

	Northeast	Midwest	South	West
Jan-18	730,000	1,250,000	2,260,000	1,140,000
Dec-17	740,000	1,330,000	2,290,000	1,200,000
Jan-17	790,000	1,300,000	2,300,000	1,260,000
Month-over-month change	-1.4%	-6.0%	-1.3%	-5.0%
Year-over-year change	-7.6%	-3.8%	-1.7%	-9.5%

<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)).

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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 the units in the buildings are counted as completed when 50% 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. 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 January 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, whether or not 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, semi-detached (semi-attached, side-by-side), row houses, and townhouses.