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Abstract

The collective U.S. housing market was mixed in February, and once again new single-family (SF) sales were revised sharply downward. SF housing starts were robust, and other housing categories 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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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 February. New SF sales exhibited decline on a monthly basis. On a year-over-year basis, the majority of construction and sales data were positive, with the exception of total housing starts. New SF 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 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”.

February 2018 Housing Scorecard

Category ^a	Month-over-month change	Year-over-year change
Housing starts (total)	▼ 7.0%	▼ 4.0%
Single-family	▲ 2.9%	▲ 2.9%
Multifamily	▼ 26.1%	▼ 18.7%
Housing permits (total)	▼ 5.7%	▲ 6.5%
Single-family	▼ 0.6%	▲ 4.6%
Multifamily	▼ 14.8%	▲ 10.6%
Housing under construction (total)	▲ 0.1%	▲ 3.2%
Single-family	▲ 0.2%	▲ 10.1%
Multifamily	0.0%	▼ 1.8%
Housing completions (total)	▲ 7.8%	▲ 13.6%
Single-family	▲ 3.0%	▲ 17.3%
Multifamily	▲ 19.4%	▲ 6.5%
New single-family house sales	▼ 0.6%	▲ 0.5%
Private residential construction spending	▲ 0.1%	▲ 5.5%
Single-family construction spending	▲ 0.9%	▲ 9.5%
Existing house sales ^b	▲ 3.0%	▲ 1.1%

^a Data from U.S. Census Bureau–Construction,

^b Data from Federal Reserve Bank of St. Louis (FRED).

Starts

Total starts in February 2018 were at a seasonally adjusted annual rate (SAAR) of 1,236,000. This was 7.0% less than January 2018 and 4.0% less than February 2017. SF starts were 902,000, which was 2.9% more than January 2018. Multifamily (MF) starts of two to four units were 17,000 and five units or more were 317,000 (Census Bureau 2018a). February 2018 total starts were less than the 58-year average of 1,439,000 (Fig. 1).

Regionally, the South remains the strongest market, where total starts were 633,000, of which 487,000 were SF and 146,000 were MF. The West followed with total starts of 339,000, of which 248,000 were SF and 91,000 were MF. Total Midwest starts were 155,000, of which 103,000 were SF and 52,000 were MF. The Northeast recorded total starts of 109,000, of which 64,000 were SF and 45,000 were MF (Census Bureau 2018a). Table 1 provides specific information on each housing start category for February 2018.

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

	Total starts ^a	Single-family	Multi-family (2–4 units) ^b	Multi-family (≥5 units)
Feb-18	1,236,000	902,000	17,000	317,000
Jan-18	1,329,000	877,000	12,000	440,000
Feb-17	1,288,000	877,000	19,000	392,000
Month-over-month change	-7.0	2.9	41.7	-28.0
Year-over-year change	-4.0	2.9	-10.5	-19.1
	Northeast	Midwest	South	West
Feb-18	109,000	155,000	633,000	339,000
Jan-18	113,000	144,000	683,000	389,000
Feb-17	111,000	182,000	658,000	337,000
Month-over-month change	-3.5	7.6	-7.3	-12.9
Year-over-year change	-1.8	-14.8	-3.8	0.6

^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 February 2018 were at a SAAR of 1,298,000. This is 5.7% less than January 2018 and 6.5% more than February 2017. SF permits were 872,000, which was 0.6% less than January 2018. MF permits of two to four units were 41,000 and five units or more were 385,000 (Census Bureau 2018a). Historically, MF permits can be extremely variable, M/M and Y/Y.

Regionally, the South remains the strongest market, where total permits issued were 614,000, of which 467,000 were SF and 147,000 were MF. The West followed with total permits of 367,000, of which 224,000 were SF and 143,000 were MF. Midwest total permits were 184,000, of which 126,000 were SF and 58,000 were MF. In the Northeast, total permits were 133,000, of which 55,000 were SF and 78,000 were MF (Census Bureau 2018a). Table 2 provides specific information on each permit category for February 2018.

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

	Total permits ^a	Single-family	Multi-family (2–4 units) ^b	Multi-family (≥5 units)
Feb-18	1,298,000	872,000	41,000	385,000
Jan-18	1,377,000	877,000	48,000	452,000
Feb-17	1,219,000	834,000	45,000	340,000
Month-over-month change	-5.7%	-0.6%	-14.6%	-14.8%
Year-over-year change	6.5%	4.6%	-8.9%	13.2%
	Northeast	Midwest	South	West
Feb-18	133,000	184,000	614,000	367,000
Jan-18	118,000	178,000	701,000	380,000
Feb-17	117,000	187,000	585,000	270,000
Month-over-month change	12.7%	3.4%	-12.4%	-3.4%
Year-over-year change	13.7%	-1.6%	5.0%	35.9%

^a Source: U.S. Census Bureau—Construction (SAAR).

Housing under Construction

Total housing under construction (HUC) issued in February 2018 was at a SAAR of 1,115,000. This is 0.1% more than January 2018 and 3.2% more than February 2017. SF HUC was 501,000, which was 0.2% more than January 2018. MF HUC of two to four units was 11,000 and five units or more was 603,000 (Census Bureau 2018a).

Regionally, the South remains the strongest market, where the total HUC was 451,000, of which 231,000 were SF and 220,000 were MF. The West followed with a total HUC of 326,000 units, of which 136,000 were SF and 190,000 were MF. The Northeast total HUC was 186,000, of which 53,000 were SF and 133,000 were MF. Midwest total HUC was 152,000, of which 81,000 were SF and 71,000 were MF (Census Bureau 2018a). Table 3 provides data for each category of housing under construction for February 2018.

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

	Total HUC ^a	Single-family	Multi-family (2–4 units) ^b	Multi-family (≥5 units)
Feb-18	1,115,000	501,000	11,000	603,000
Jan-18	1,114,000	500,000	10,000	604,000
Feb-17	1,080,000	455,000	11,000	614,000
Month-over-month change	0.1%	0.2%	10.0%	–0.2%
Year-over-year change	3.2%	10.1%	0.0%	–1.8%
	Northeast	Midwest	South	West
Feb-18	186,000	152,000	451,000	326,000
Jan-18	188,000	151,000	450,000	325,000
Feb-17	194,000	151,000	452,000	283,000
Month-over-month change	–1.1%	0.7%	0.2%	0.3%
Year-over-year change	–4.1%	0.7%	–0.2%	15.2%

^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)).

Housing Completions

Total completions in February 2018 were at a SAAR of 1,319,000. This is 7.8% more than January 2018 and 13.6% more than February 2017. SF completions were 895,000, which is 3.0% more than January 2018. MF completions of two to four units were 6,000 and five units or more were 418,000 (Census Bureau 2018a).

The South remains the strongest market, where total completions were 659,000, of which 484,000 were SF and 175,000 were MF. The West followed with total completions of 336,000 units, of which 221,000 were SF and 115,000 were MF. Midwest total completions were 164,000, of which 129,000 were SF and 35,000 were MF. Total Northeast completions were 160,000, of which 61,000 were SF and 99,000 were MF (Census Bureau 2018a). Table 4 provides discrete data for each completion category for February 2018.

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

	Total completions ^a	Single-family	Multi-family (2–4 units) ^b	Multi-family (≥5 units)
Feb-18	1,319,000	895,000	6,000	418,000
Jan-18	1,224,000	869,000	11,000	344,000
Feb-17	1,161,000	763,000	16,000	382,000
Month-over-month change	7.8%	3.0%	–45.5%	21.5%
Year-over-year change	13.6%	17.3%	–62.5%	9.4%
	Northeast	Midwest	South	West
Feb-18	160,000	164,000	659,000	336,000
Jan-18	113,000	169,000	595,000	347,000
Feb-17	119,000	123,000	575,000	344,000
Month-over-month change	41.6%	–3.0%	10.8%	–3.2%
Year-over-year change	34.5%	33.3%	14.6%	–2.3%

^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)).

New Single-Family House Sales

Total new SF house sales in February 2018 were estimated at a SAAR of 618,000 units. This was 0.6% less than January 2018 and 0.5% more than February 2017.

Regionally, the South remains the strongest market with total new SF house sales of 338,000, followed by the West with 164,000. The Midwest had 79,000 sales, and the Northeast had 37,000.

The median sales price of new houses sold in February 2018 was \$326,800, and the mean sales price was \$376,700 (Census Bureau 2018b). Table 5 provides specific information on each house sales category for February 2018.

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

	New SF sales ^a	Median price	Mean price	Month's supply
Feb-18	618,000	\$326,800	\$376,700	5.9
Jan-18	622,000	\$324,900	\$377,100	5.8
Feb-17	615,000	\$298,000	\$370,500	5.1
Month-over-month change	-0.6%	0.6%	-0.1%	1.7%
Year-over-year change	0.5%	9.7%	8.8%	15.7%
	Northeast	Midwest	South	West
Feb-18	37,000	79,000	338,000	164,000
Jan-18	31,000	82,000	310,000	199,000
Feb-17	34,000	86,000	336,000	159,000
Month-over-month change	19.4%	-3.7%	9.0%	-17.6%
Year-over-year change	8.8%	-8.1%	0.6%	3.1%

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

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 February's expenditure data bear this out. Total private residential construction spending for February 2018 was \$533,400 million, a 0.1% increase from January 2018 and a 5.5% increase from February 2017. SF construction spending was \$281,800 million, and MF construction spending was \$63,843 million. Improvement or remodeling spending was \$187,757 million (Census Bureau 2018c). Table 6 provides data for each construction spending category for February 2018.

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

	Total private residential construction spending ^{a, b}	Single-family	Multi-family	Improvement ^c
Feb-18	\$533,400	\$281,800	\$63,843	\$187,757
Jan-18	\$532,881	\$279,222	\$63,059	\$190,600
Feb-17	\$505,716	\$257,385	\$63,244	\$185,087
Month-over-month change	0.1%	0.9%	1.2%	-1.5%
Year-over-year change	5.5%	9.5%	0.9%	1.4%

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

^b Source: U.S. Census Bureau—Construction.

^c 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 February 2018 were at a SAAR of 5,540,000 units. This is a 3.0% increase from January 2018 and a 1.1% increase from February 2017. Regionally, the South remains the strongest market with total existing house sales of 2,410,000 units followed by the West at 1,270,000 units. The Midwest had total existing sales of 1,220,000 units, and the Northeast had 640,000 units sold. Table 7 provides specific information on each existing house sales category for February 2018.

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

	Existing sales ^a	Median price	Mean price	Month's supply
Feb-18	5,540,000	\$241,700	\$281,200	3.4
Jan-18	5,380,000	\$240,800	\$282,600	3.4
Feb-17	5,480,000	\$228,200	\$269,600	3.8
Month-over-month change	3.0%	0.4%	-0.5%	0.0%
Year-over-year change	1.1%	5.9%	4.3%	-10.5%

	Northeast	Midwest	South	West
Feb-18	640,000	1,220,000	2,410,000	1,270,000
Jan-18	790,000	1,300,000	2,300,000	1,260,000
Feb-17	690,000	1,220,000	2,330,000	1,240,000
Month-over-month change	-19.0%	-6.2%	4.8%	0.8%
Year-over-year change	-7.2%	0.0%	3.4%	2.4%

^a Source: Federal Reserve Bank of St. Louis (FRED).

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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.

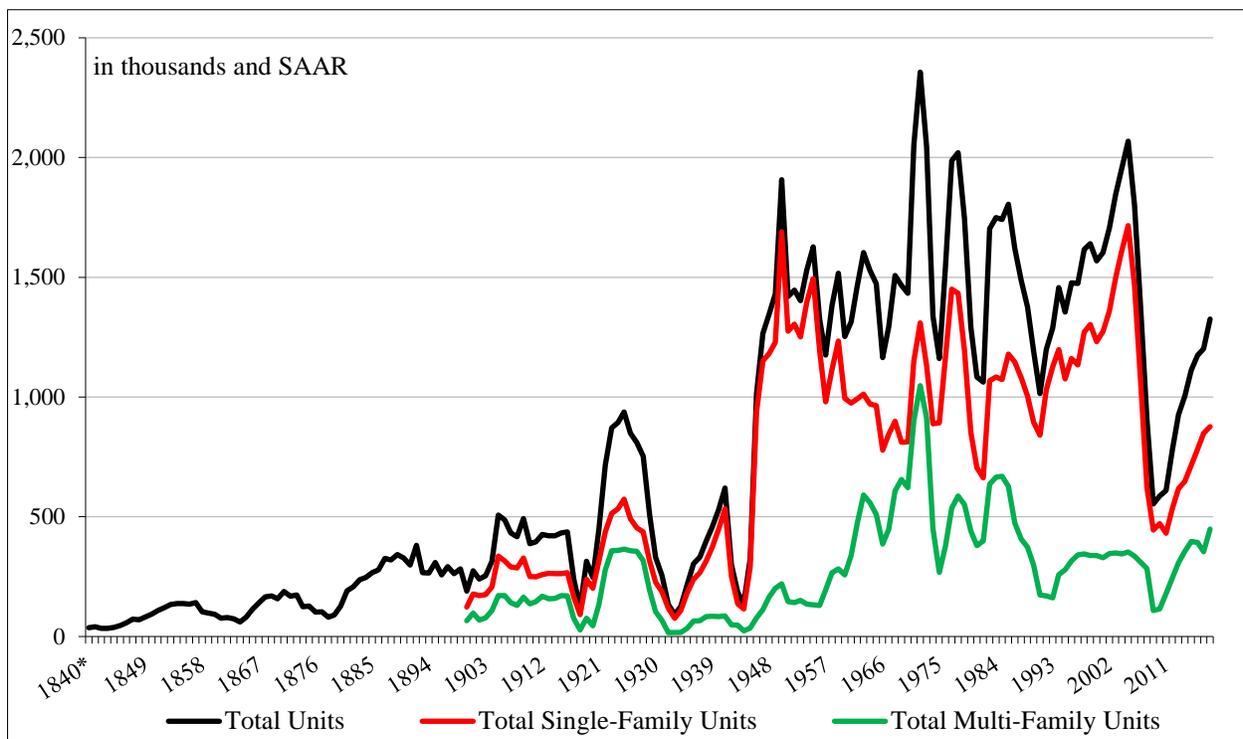


Figure 1. U.S. housing units and starts: 1840 to February 2018. (Sources: Carliner (2010), U.S. Department of Commerce—Construction (2018), and Gottlieb (1964).