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Delton Alderman



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Abstract

The collective U.S. housing market was mixed in March, and new single-family (SF) sales improved positively on a monthly basis. SF housing starts declined on a monthly basis, as well as new SF construction and remodeling spending. Existing house sales were negative on a year-over-year basis. Other housing categories appear to have flat-lined on a monthly basis. Regionally, data were mixed across all sectors.

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

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Delton Alderman, Research Forest Products Technologist
 USDA Forest Service, Forest Products Laboratory, Madison, Wisconsin, and
 Northern Research Station, Princeton, West Virginia

Summary

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 March. New SF sales returned to a positive reading. Private, SF, and multifamily (MF) residential construction spending declined on a monthly basis. On a year-over-year basis, the plurality of construction and sales data were positive, with the exception of MF completions and existing house sales.

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”.

March 2018 Housing Scorecard

Category ^a	Month-over-month change	Year-over-year change
Housing starts (total)	▲ 1.9%	▲ 10.9%
Single-family	▼ 3.7%	▲ 5.2%
Multifamily	▲ 14.4%	▲ 23.8%
Housing permits (total)	▲ 2.5%	▲ 7.5%
Single-family	▼ 5.5%	▲ 1.7%
Multifamily	▲ 19.0%	▲ 18.4%
Housing under construction (total)	▲ 0.3%	▲ 4.7%
Single-family	▲ 0.2%	▲ 11.0%
Multifamily	▲ 0.3%	▲ 0.2%
Housing completions (total)	▼ 5.1%	▲ 1.9%
Single-family	▼ 4.7%	▲ 3.7%
Multifamily	▼ 6.0%	▼ 1.8%
New single-family house sales	▲ 4.0%	▲ 8.8%
Private residential construction spending	▼ 3.5%	▲ 5.3%
Single-family construction spending	▼ 0.4%	▲ 9.7%
Existing house sales ^b	▲ 1.1%	▼ 1.2%

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

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

Starts

Total starts in March 2018 were at a seasonally adjusted annual rate (SAAR) of 1,319,000. This was 1.9% more than February 2018 and 10.9% more than March 2017. SF starts were 867,000, which was 3.7% less than February 2018. MF starts of two to four units were 13,000 and five units or more were 439,000 (Census Bureau 2018a). March 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 621,000, of which 435,000 were SF and 186,000 were MF. The West followed with total starts of 386,000, of which 228,000 were SF and 158,000 were MF. Total Midwest starts were 180,000, of which 146,000 were SF and 34,000 were MF. The Northeast recorded total starts of 132,000, of which 58,000 were SF and 74,000 were MF (Census Bureau 2018a). Table 1 provides specific information on each housing start category for March 2018.

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

	Total starts ^a	Single-family	Multi-family (2–4 units) ^b	Multi-family (≥5 units)
Mar-18	1,319,000	867,000	13,000	439,000
Feb-18	1,295,000	900,000	17,000	378,000
Mar-17	1,189,000	824,000	10,000	355,000
Month-over-month change	1.9	-3.7	-23.5	16.1
Year-over-year change	10.9	5.2	30.0	23.7
	Northeast	Midwest	South	West
Mar-18	132,000	180,000	621,000	386,000
Feb-18	131,000	147,000	625,000	392,000
Mar-17	116,000	139,000	633,000	301,000
Month-over-month change	0.8	22.4	-0.6	-1.5
Year-over-year change	13.8	29.5	-1.9	28.2

^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)).

Permits

Total building permits issued in March 2018 were at a SAAR of 1,354,000. This is 2.5% more than February 2018 and 7.5% more than March 2017. SF permits were 840,000, which was 5.5% less than February 2018. MF permits of two to four units were 41,000 and five units or more were 473,000 (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 632,000, of which 449,000 were SF and 183,000 were MF. The West followed with total permits of 379,000, of which 217,000 were SF and 162,000 were MF. Midwest total permits were 205,000, of which 123,000 were SF and 82,000 were MF. In the Northeast, total permits were 138,000, of which 51,000 were SF and 87,000 were MF (Census Bureau 2018a). Table 2 provides specific information on each permit category for March 2018.

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

	Total permits ^a	Single-family	Multi-family (2–4 units) ^b	Multi-family (≥5 units)
Mar-18	1,354,000	840,000	41,000	473,000
Feb-18	1,321,000	889,000	47,000	385,000
Mar-17	1,260,000	826,000	37,000	397,000
Month-over-month change	2.5%	-5.5%	-12.8%	22.9%
Year-over-year change	7.5%	1.7%	10.8%	19.1%
	Northeast	Midwest	South	West
Mar-18	138,000	205,000	632,000	379,000
Feb-18	146,000	188,000	619,000	368,000
Mar-17	136,000	192,000	623,000	309,000
Month-over-month change	-5.5%	9.0%	2.1%	3.0%
Year-over-year change	1.5%	6.8%	1.4%	22.7%

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

Housing under Construction

Total housing under construction (HUC) issued in March 2018 was at a SAAR of 1,125,000. This is 0.3% more than February 2018 and 4.7% more than March 2017. SF HUC was 504,000, which was 0.2% more than February 2018. 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 451,000, of which 231,000 were SF and 220,000 were MF. The West followed with a total HUC of 333,000 units, of which 138,000 were SF and 195,000 were MF. The Northeast total HUC was 189,000, of which 53,000 were SF and 136,000 were MF. Midwest total HUC was 152,000, of which 82,000 were SF and 70,000 were MF (Census Bureau 2018a). Table 3 provides data for each category of housing under construction for March 2018.

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

	Total HUC ^a	Single-family	Multi-family (2–4 units) ^b	Multi-family (≥5 units)
Mar-18	1,125,000	504,000	11,000	610,000
Feb-18	1,122,000	503,000	11,000	608,000
Mar-17	1,074,000	454,000	10,000	610,000
Month-over-month change	0.3%	0.2%	0.0%	0.3%
Year-over-year change	4.7%	11.0%	10.0%	0.0%
	Northeast	Midwest	South	West
Mar-18	189,000	152,000	451,000	333,000
Feb-18	190,000	152,000	451,000	329,000
Mar-17	189,000	149,000	452,000	284,000
Month-over-month change	-0.5%	0.0%	0.0%	1.2%
Year-over-year change	0.0%	2.0%	-0.2%	17.3%

^a Source: U.S. Department of Commerce–Construction (SAAR).
^b Multifamily two- to four-unit HUC are not reported directly but are an estimation: 2 to 4 HUC = (Total HUC – (SF HUC + MF ≥5 HUC)).

Housing Completions

Total completions in March 2018 were at a SAAR of 1,217,000. This is 5.1% fewer than February 2018 and 1.9% greater than March 2017. SF completions were 840,000, which is 4.7% less than February 2018. MF completions of two to four units were 6,000 and five units or more were 371,000 (Census Bureau 2018a).

The South remains the strongest market where the total completions were 586,000, of which SF was 456,000 and MF was 130,000. The West followed with total completions of 325,000 units, of which SF were 206,000 and MF were 119,000. Midwest total completions were 160,000, of which SF were 117,000 and MF were 43,000. Total Northeast completions were 146,000, of which SF was 61,000 and MF was 85,000 (Census Bureau 2018a). Table 4 provides discrete data for each completion category for March 2018.

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

	Total completions ^a	Single-family	Multi-family (2–4 units) ^b	Multi-family (≥5 units)
Mar-18	1,217,000	840,000	6,000	371,000
Feb-18	1,282,000	881,000	7,000	394,000
Mar-17	1,194,000	810,000	16,000	368,000
Month-over-month change	-5.1%	-4.7%	-14.3%	-5.8%
Year-over-year change	1.9%	3.7%	-62.5%	0.8%
	Northeast	Midwest	South	West
Mar-18	146,000	160,000	586,000	325,000
Feb-18	136,000	159,000	651,000	336,000
Mar-17	111,000	188,000	629,000	266,000
Month-over-month change	7.4%	0.6%	-10.0%	-3.3%
Year-over-year change	31.5%	-14.9%	-6.8%	22.2%

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

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

New Single-Family House Sales

Total new house sales in March 2018 were estimated at a SAAR of 694,000 units. This was an increase of 4.0% from February 2018 and 8.8% from March 2017. Regionally, the South remains the strongest market with total new SF house sales of 371,000, followed by the West with 222,000. The Midwest had 82,000 sales, and the Northeast had 19,000.

The median sales price of new houses sold in March 2018 was \$337,200, and the mean sales price was \$369,900 (Census Bureau 2018b). Table 5 provides specific information on each house sales category for March 2018.

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

	New SF sales ^a	Median pPrice	Mean price	Months supply
Mar-18	694,000	\$337,200	\$369,900	5.2
Feb-18	667,000	\$325,800	\$370,800	5.4
Mar-17	638,000	\$321,700	\$384,400	5.0
Month-over-month change	4.0%	3.5%	-0.2%	-3.7%
Year-over-year change	8.8%	4.8%	-3.8%	4.0%
	Northeast	Midwest	South	West
Mar-18	19,000	82,000	371,000	222,000
Feb-18	42,000	84,000	368,000	173,000
Mar-17	40,000	84,000	336,000	178,000
Month-over-month change	-54.8%	-2.4%	0.8%	28.3%
Year-over-year change	-52.5%	-2.4%	10.4%	24.7%

^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 March's expenditure data bear this out. Total private residential construction spending for March 2018 was \$536,788 million, a 3.5% decrease from February 2018 and a 5.3% increase from March 2017. SF construction spending was \$283,536 million, and MF construction spending was \$58,932 million. Improvement or remodeling spending was \$194,320 million (Census Bureau 2018c). Table 6 provides data for each construction spending category for March 2018.

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

	Total private residential construction spending ^{a, b}	Single-family	Multi-family	Improvement ^c
Mar-18	\$536,788	\$283,536	\$58,932	\$194,320
Feb-18	\$556,531	\$284,810	\$60,553	\$211,168
Mar-17	\$509,933	\$258,415	\$64,179	\$187,339
Month-over-month change	-3.5%	-0.4%	-2.7%	-8.0%
Year-over-year change	5.3%	9.7%	-8.2%	3.7%

^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 March 2018 were at a SAAR of 5,600,000 units. This is a 1.1% increase from February 2018 and a 1.2% decrease from March 2017. Regionally, the South remains the strongest market with total existing house sales of 2,400,000 units, followed by the West at 1,230,000 units. The Midwest had total existing sales of 1,290,000 units, and the Northeast had 680,000 units. Table 7 provides specific information on each existing house sales category for March 2018.

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

	Existing sales ^a	Median price	Mean price	Months supply
Mar-18	5,600,000	\$250,400	\$290,100	3.6
Feb-18	5,540,000	\$240,900	\$280,600	3.4
Mar-17	5,670,000	\$236,600	\$278,700	3.8
Month-over-month change	1.1%	3.9%	3.4%	5.9%
Year-over-year change	-1.2%	5.8%	4.1%	-5.3%

	Northeast	Midwest	South	West
Mar-18	680,000	1,290,000	2,400,000	1,230,000
Feb-18	640,000	1,220,000	2,410,000	1,270,000
Mar-17	750,000	1,310,000	2,390,000	1,220,000
Month-over-month change	6.3%	5.7%	-0.4%	-3.1%
Year-over-year change	-9.3%	-1.5%	0.4%	0.8%

^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.

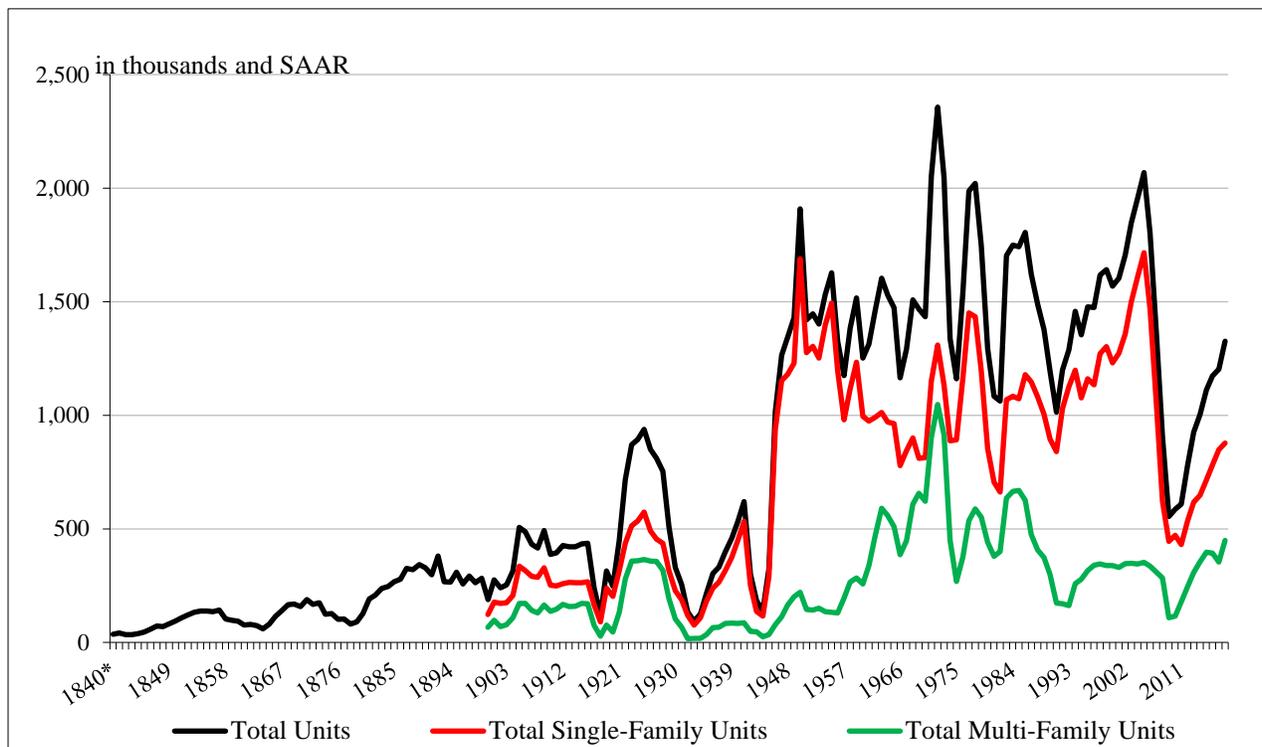


Figure 1. U.S. housing units and starts: 1840 to March 2018. Sources: Carliner (2010), U.S. Department of Commerce–Construction (2018), and Gottlieb (1964).