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Abstract

The collective U.S. housing market, on a monthly basis, was mixed in April 2018. Encouraging were the year-over-year readings, which were overwhelmingly positive, except for existing house sales. Single-family housing starts, permits, and under construction improved on a monthly basis. Existing house sales were negative on a month-over-month and year-over-year 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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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 April, and several monthly indicators were negative. On a positive note, the majority were strong to robust on a yearly basis, with the exception being 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”.

April 2018 Housing Scorecard

Category ^a	Month-over-month change	Year-over-year change
Housing starts (total)	▼ 3.7%	▲ 10.5%
Single-family	▲ 0.1%	▲ 7.2%
Multifamily	▼ 11.3%	▲ 18.7%
Housing permits (total)	▼ 1.8%	▲ 7.7%
Single-family	▲ 0.9%	▲ 7.9%
Multifamily	▼ 6.3%	▲ 7.4%
Housing under construction (total)	0.0%	▲ 4.7%
Single-family	▲ 1.0%	▲ 11.4%
Multifamily	▼ 0.8%	▼ 0.3%
Housing completions (total)	▲ 2.8%	▲ 14.8%
Single-family	▼ 4.0%	▲ 5.5%
Multifamily	▲ 18.4%	▲ 37.4%
New single-family house sales	▼ 1.5%	▲ 11.6%
Private residential construction spending	▲ 4.5%	▲ 9.5%
Single-family construction spending	0.0%	▲ 9.6%
Existing house sales ^b	▼ 2.5%	▼ 1.4%

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

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

Starts

Total starts in April 2018 were at a seasonally adjusted annual rate (SAAR) of 1,287,000. This was 3.7% less than March 2018 and 10.5% greater than April 2017. SF starts were 894,000, which was 0.1% greater than March 2018. Multifamily (MF) starts of two to four units were 19,000 and five units or more were 374,000 (Census Bureau 2018a). April 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 663,000, of which 518,000 were SF and 145,000 were MF. The West followed with total starts of 346,000, of which 214,000 were SF and 145,000 were MF. Total Midwest starts were 164,000, of which 106,000 were SF and 58,000 were MF. The Northeast recorded total starts of 114,000, of which 56,000 were SF and 58,000 were MF (Census Bureau 2018a). Table 1 provides specific information on each housing start category for April 2018.

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

	Total starts ^a	Single-family	Multi-family (2–4 units) ^b	Multi-family (≥5 units)
Apr-18	1,287,000	894,000	19,000	374,000
Mar-18	1,336,000	893,000	15,000	428,000
Apr-17	1,165,000	834,000	17,000	314,000
Month-over-month change	-3.7	0.1	26.7	-12.6
Year-over-year change	10.5	7.2	11.8	19.1
	Northeast	Midwest	South	West
Apr-18	114,000	164,000	663,000	346,000
Mar-18	124,000	196,000	623,000	393,000
Apr-17	85,000	201,000	570,000	309,000
Month-over-month change	-8.1	-16.3	6.4	-12.0
Year-over-year change	34.1	-18.4	16.3	12.0

^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 April 2018 were at a SAAR of 1,352,000. This is 1.8% less than March 2018 and 7.7% greater than April 2017. SF permits were 859,000, which was 0.9% greater than March 2018. MF permits of two to four units were 43,000 and five units or more were 450,000 (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 730,000, of which 478,000 were SF and 252,000 were MF. The West followed with total permits of 336,000, of which 210,000 were SF and 126,000 were MF. Midwest total permits were 194,000, of which 122,000 were SF and 72,000 were MF. In the Northeast, total permits were 92,000, of which 49,000 were SF and 43,000 were MF (Census Bureau 2018a). Table 2 provides specific information on each housing permit category for April 2018.

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

	Total permits ^a	Single-family	Multi-family (2–4 units) ^b	Multi-family (≥5 units)
Apr-18	1,352,000	859,000	43,000	450,000
Mar-18	1,377,000	851,000	40,000	486,000
Apr-17	1,255,000	796,000	36,000	423,000
Month-over-month change	-1.8%	0.9%	7.5%	-7.4%
Year-over-year change	7.7%	7.9%	19.4%	6.4%
	Northeast	Midwest	South	West
Apr-18	92,000	194,000	730,000	336,000
Mar-18	135,000	203,000	652,000	387,000
Apr-17	120,000	193,000	597,000	345,000
Month-over-month change	-31.9%	-4.4%	12.0%	-13.2%
Year-over-year change	-23.3%	0.5%	22.3%	-2.6%

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

Housing under Construction

Total housing under construction (HUC) issued in April 2018 was at a SAAR of 1,124,000, which showed no change from March 2018 and was 4.7% greater than April 2017. SF HUC was 510,000, which was 1.0% greater than March 2018. MF HUC of two to four units was 12,000 and five units or more was 602,000 (Census Bureau 2018a).

Regionally, the South remains the strongest market, where total HUC was 452,000, of which 238,000 were SF and 214,000 were MF. The West followed with a total HUC of 336,000 units, of which 138,000 were SF and 198,000 were MF. The Northeast total HUC was 186,000, of which 53,000 were SF and 133,000 were MF. Midwest total HUC was 150,000, of which 81,000 were SF and 69,000 were MF (Census Bureau 2018a). Table 3 provides specific information on each category of housing under construction for April 2018.

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

	Total HUC ^a	Single-family	Multi-family (2–4 units) ^b	Multi-family (≥5 units)
Apr-18	1,124,000	510,000	12,000	602,000
Mar-18	1,124,000	505,000	11,000	608,000
Apr-17	1,074,000	458,000	10,000	606,000
Month-over-month change	0.0%	1.0%	9.1%	–1.0%
Year-over-year change	4.7%	11.4%	20.0%	–0.7%
	Northeast	Midwest	South	West
Apr-18	186,000	150,000	452,000	336,000
Mar-18	186,000	155,000	450,000	333,000
Apr-17	189,000	151,000	446,000	288,000
Month-over-month change	0.0%	–3.2%	0.4%	0.9%
Year-over-year change	–1.6%	–0.7%	1.3%	16.7%

^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 April 2018 were at a SAAR of 1,257,000. This is 2.8% greater than March 2018 and 14.8% greater than April 2017. SF completions were 820,000, which is 4.0% less than March 2018. MF completions of two to four units were 12,000 and five units or more were 425,000 (Census Bureau 2018a).

The South remains the strongest market, where total completions were 641,000, of which 425,000 were SF and 216,000 were MF. The West followed with total completions of 300,000 units, of which 214,000 were SF and 86,000 were MF. Midwest total completions were 194,000, of which 130,000 were SF and 64,000 were MF. Total Northeast completions were 122,000, of which 51,000 were SF and 71,000 were MF (Census Bureau 2018a). Table 4 provides specific information on each housing completion category for April 2018.

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

	Total completions ^a	Single-family	Multi-family (2–4 units) ^b	Multi-family (≥5 units)
Apr-18	1,257,000	820,000	12,000	425,000
Mar-18	1,223,000	854,000	11,000	358,000
Apr-17	1,095,000	777,000	22,000	296,000
Month-over-month change	2.8%	–4.0%	9.1%	18.7%
Year-over-year change	14.8%	5.5%	–45.5%	43.6%
	Northeast	Midwest	South	West
Apr-18	122,000	194,000	641,000	300,000
Mar-18	153,000	156,000	591,000	323,000
Apr-17	87,000	181,000	593,000	234,000
Month-over-month change	–20.3%	24.4%	8.5%	–7.1%
Year-over-year change	40.2%	7.2%	8.1%	28.2%

^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 April 2018 were estimated at a SAAR of 662,000 units. This was a decrease of 1.5% from March 2018 and an increase of 11.6% from April 2017. Regionally, the South remains the strongest market with total new SF house sales of 355,000, followed by the West with 176,000. The Midwest had 91,000 sales, and the Northeast had 40,000.

The median sales price of new houses sold in April 2018 was \$312,400, and the mean sales price was \$407,300 (Census Bureau 2018b). Table 5 provides specific information on each house sales category for April 2018.

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

	New SF sales ^a	Median price	Mean price	Months supply
Apr-18	662,000	\$312,400	\$407,300	5.4
Mar-18	672,000	\$335,400	\$366,000	5.3
Apr-17	593,000	\$311,100	\$365,800	5.4
Month-over-month change	-1.5%	-6.9%	11.3%	1.9%
Year-over-year change	11.6%	0.4%	11.3%	0.0%
	Northeast	Midwest	South	West
Apr-18	40,000	91,000	355,000	176,000
Mar-18	36,000	91,000	354,000	191,000
Apr-17	38,000	72,000	335,000	148,000
Month-over-month change	11.1%	0.0%	0.3%	-7.9%
Year-over-year change	5.3%	26.4%	6.0%	18.9%

^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 April's expenditure data bear this out. Total private residential construction spending for April 2018 was \$556,294 million, a 4.5% increase from March 2018 and a 9.5% increase from April 2017. SF construction spending was \$285,703 million and MF construction spending was \$61,955 million. Improvement or remodeling spending was \$208,636 million (Census Bureau 2018c). Table 6 provides specific information on each construction spending category for April 2018.

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

	Total private residential construction spending ^{a, b}	Single-family	Multi-family	Improvement ^c
Apr-18	\$556,294	\$285,703	\$61,955	\$208,636
Mar-18	\$532,432	\$285,587	\$59,820	\$187,025
Apr-17	\$507,841	\$260,738	\$64,553	\$182,550
Month-over-month change	4.5%	0.0%	3.6%	11.6%
Year-over-year change	9.5%	9.6%	-4.0%	14.3%

^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 April 2018 were at a SAAR of 5,460,000 units. This is a 2.5% decrease from March 2018 and a 1.4% decrease from April 2017. Regionally, the South remains the strongest market with total existing house sales of 2,330,000 units, followed by the West at 1,190,000 units. The Midwest had total existing sales of 1,290,000 units. In the Northeast, 650,000 units were sold (FRED 2018). Table 7 provides specific information on each house sales category for April 2018.

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

	Existing sales ^a	Median price	Mean price	Months supply
Apr-18	5,460,000	\$257,900	\$297,300	4.0
Mar-18	5,600,000	\$249,800	\$289,000	3.5
Apr-17	5,540,000	\$245,000	\$287,800	4.2
Month-over-month change	-2.5%	3.2%	2.9%	14.3%
Year-over-year change	-1.4%	5.3%	3.3%	-4.8%
	Northeast	Midwest	South	West
Apr-18	650,000	1,290,000	2,330,000	1,190,000
Mar-18	680,000	1,290,000	2,400,000	1,230,000
Apr-17	730,000	1,330,000	2,280,000	1,200,000
Month-over-month change	-4.4%	0.0%	-2.9%	-3.3%
Year-over-year change	-11.0%	-3.0%	2.2%	-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.

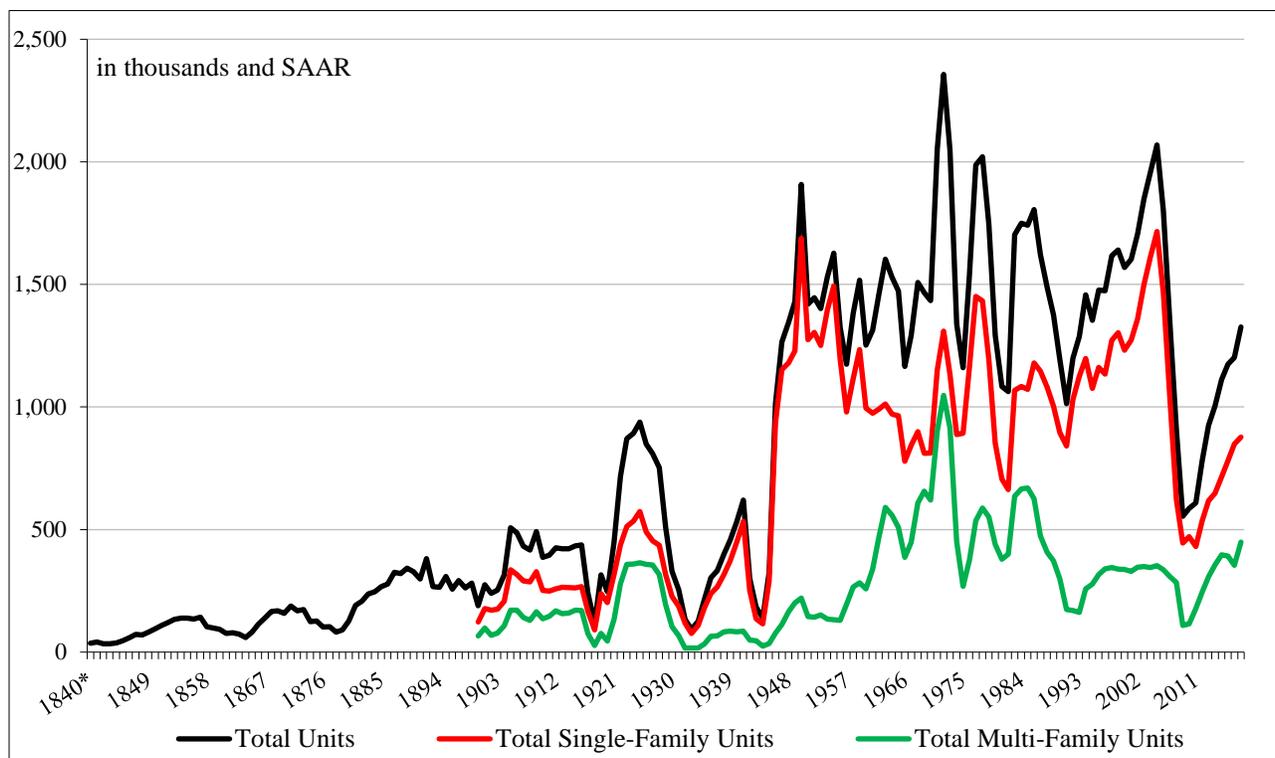


Figure 1. U.S. housing units and starts: 1840 to April 2018. Sources: Carliner (2010), U.S. Department of Commerce–Construction (2018a), and Gottlieb (1964).