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United States Housing Brief, June 2018

Delton Alderman



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Abstract

The collective U.S. housing market was primarily negative in June 2018, on month-over-month and year-over-year bases. New single-family (SF) house starts, under construction, completions, and SF sales were negative on a monthly basis. Existing house sales were negative on month-over-month and year-over-year bases. 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 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, with declines noted for starts, permits, completions, and existing house sales. On a positive note, single-family permits increased on a monthly and yearly bases.

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”.

June 2018 Housing Scorecard		
Category ^a	Month-over-month change	Year-over-year change
Housing starts (total)	▼ 12.3%	▼ 4.2%
Single-family	▼ 9.1%	▼ 0.2%
Multifamily	▼ 19.8%	▼ 13.7%
Housing permits (total)	▼ 2.2%	▼ 3.0%
Single-family	▲ 0.8%	▲ 4.6%
Multifamily	▼ 7.6%	▼ 15.2%
Housing under construction (total)	▼ 0.5%	▲ 4.9%
Single-family	▼ 0.2%	▲ 11.5%
Multi-family	▼ 0.8%	▼ 0.2%
Housing completions (total)	0.0%	▲ 2.2%
Single-family	▼ 2.3%	▲ 5.3%
Multifamily	▲ 5.3%	▼ 3.9%
New single-family house sales	▼ 5.3%	▼ 2.4%
Private residential construction spending	▼ 0.5%	▲ 8.8%
Single-family construction spending	▼ 0.4%	▲ 6.8%
Existing house sales ^b	▼ 0.6%	▼ 2.2%

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

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

Starts

Total starts in June 2018 were at a seasonally adjusted annual rate (SAAR) of 1,173,000. This was 12.3% less than May 2018 and 4.2% less than June 2017. Single-family (SF) starts were 858,000, which was 9.1% less than June 2018. Multifamily (MF) starts of two to four units were 11,000 and five units or more were 304,000 (Census Bureau 2018a). June 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 601,000, of which 466,000 were SF and 135,000 were MF. The West followed with total starts of 320,000, of which 213,000 were SF and 107,000 were MF. Total Midwest starts were 156,000, of which 112,000 were SF and 44,000 were MF; and the Northeast recorded total starts of 96,000, of which 67,000 were SF and 29,000 were MF (Census Bureau 2018a). Table 1 provides housing start data for each start category for June 2018.

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

	Total starts ^a	Single-family	Multi-family (2–4 units) ^b	Multi-family (≥5 units)
Jun-18	1,173,000	858,000	11,000	304,000
May-18	1,337,000	944,000	12,000	381,000
Jun-17	1,225,000	860,000	6,000	359,000
Month-over-month change	–12.3%	–9.1%	–8.3%	–20.2%
Year-over-year change	–4.2%	–0.2%	83.3%	–15.3%
	Northeast	Midwest	South	West
Jun-18	96,000	156,000	601,000	320,000
May-18	103,000	243,000	661,000	330,000
Jun-17	160,000	204,000	530,000	331,000
Month-over-month change	–6.8%	–35.8%	–9.1%	–3.0%
Year-over-year change	–40.0%	–23.5%	13.4%	–3.3%

^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)).

Permits

Total building permits issued in June 2018 were at a SAAR of 1,273,000. This is 2.2% less than May 2018 and 3.0% less than June 2017. SF permits were 850,000, which was 0.8% greater than June 2018. MF permits of two to four units were 36,000 and five units or more were 387,000 (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 664,000, of which 477,000 were SF and 187,000 were MF. The West followed with total permits of 327,000, of which 202,000 were SF and 125,000 were MF. Midwest total permits were 170,000, of which 117,000 were SF and 53,000 were MF. In the Northeast, total permits were 112,000, of which 54,000 were SF and 58,000 were MF (Census Bureau 2018a). Table 2 provides permit data for each permit category for June 2018.

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

	Total permits ^a	Single-family	Multi-family (2–4 units) ^b	Multi-family (≥5 units)
Jun-18	1,273,000	850,000	36,000	387,000
May-18	1,301,000	843,000	34,000	424,000
Jun-17	1,312,000	813,000	37,000	462,000
Month-over-month change	–2.2%	0.8%	5.9%	–8.7%
Year-over-year change	–3.0%	4.6%	–2.7%	–16.2%
	Northeast	Midwest	South	West
Jun-18	112,000	170,000	664,000	327,000
May-18	134,000	209,000	625,000	333,000
Jun-17	105,000	212,000	643,000	352,000
Month-over-month change	–16.4%	–18.7%	6.2%	–1.8%
Year-over-year change	6.7%	–19.8%	3.3%	–7.1%

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

Housing under Construction

Total housing under construction (HUC) issued in June 2018 was at a SAAR of 1,121,000. This was 0.5% less than May 2018 and 4.9% greater than June 2017. SF HUC was 515,000, which is 0.2% less than June 2018. MF HUC of two to four units was 12,000 and five units or more was 594,000 (Census Bureau 2018a).

Regionally, the South remains the strongest market, where total HUC was 452,000, of which 242,000 were SF and 210,000 were MF. The West followed with a total HUC of 329,000 units, of which 136,000 were SF and 193,000 were MF. The Northeast total HUC was 185,000, of which 55,000 were SF and 130,000 were MF. Midwest total HUC was 155,000, of which 82,000 were SF and 73,000 were MF (Census Bureau 2018a). Table 3 provides HUC data for June 2018.

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

	Total HUC ^a	Single-family	Multi-family (2–4 units) ^b	Multi-family (≥5 units)
Jun-18	1,121,000	515,000	12,000	594,000
May-18	1,127,000	516,000	12,000	599,000
Jun-17	1,069,000	462,000	9,000	598,000
Month-over-month change	–0.5%	–0.2%	0.0%	–0.8%
Year-over-year change	4.9%	11.5%	33.3%	–0.7%
	Northeast	Midwest	South	West
Jun-18	185,000	155,000	452,000	329,000
May-18	184,000	155,000	454,000	334,000
Jun-17	185,000	153,000	441,000	290,000
Month-over-month change	0.5%	0.0%	–0.4%	–1.5%
Year-over-year change	0.0%	1.3%	2.5%	13.4%

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

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

Housing Completions

Total completions in June 2018 were at a SAAR of 1,261,000. This was the same as May 2018 and 2.2% greater than June 2017. SF completions were 862,000, which is 5.3% less than June 2018. MF completions of two to four units were 6,000 and five units or more were 393,000 (Census Bureau 2018a).

The South remains the strongest market, where total completions were 618,000, of which 444,000 were SF and 174,000 were MF. The West followed, with total completions of 379,000 units, of which 253,000 were SF and 126,000 were MF. Midwest total completions were 166,000, of which 114,000 were SF and 52,000 were MF. Total Northeast completions were 98,000, of which 51,000 were SF and 47,000 were MF (Census Bureau 2018a). Table 4 provides housing completion data for June 2018.

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

	Total completions ^a	Single-family	Multi-family (2–4 units) ^b	Multi-family (≥5 units)
Jun-18	1,261,000	862,000	6,000	393,000
May-18	1,261,000	882,000	12,000	367,000
Jun-17	1,234,000	819,000	11,000	404,000
Month-over-month change	0.0%	–2.3%	–50.0%	7.1%
Year-over-year change	2.2%	5.3%	–45.5%	–2.7%
	Northeast	Midwest	South	West
Jun-18	98,000	166,000	618,000	379,000
May-18	92,000	172,000	684,000	313,000
Jun-17	134,000	219,000	547,000	334,000
Month-over-month change	6.5%	–3.5%	–9.6%	21.1%
Year-over-year change	–26.9%	–24.2%	13.0%	13.5%

^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 June 2018 were estimated at a SAAR of 631,000 units. This was a decrease of 5.3% from May 2018 and an increase of 2.4% from June 2017. Regionally, the South remains the strongest market with total new SF house sales of 361,000, followed by the West with 147,000. The Midwest had 71,000 sales, and the Northeast had 52,000.

The median sales price of new houses sold in June 2018 was \$302,100, and the mean sales price was \$363,300 (Census Bureau 2018b). Table 5 provides new SF sales data for June 2018.

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

	New SF sales ^a	Median price	Mean price	Months supply
Jun-18	631,000	\$302,100	\$363,300	5.7
May-18	666,000	\$309,700	\$365,100	5.3
Jun-17	616,000	\$315,200	\$370,600	5.3
Month-over-month change	-5.3%	-2.5%	-0.5%	7.5%
Year-over-year change	2.4%	-4.2%	-2.0%	7.5%
	Northeast	Midwest	South	West
Jun-18	52,000	71,000	361,000	147,000
May-18	38,000	82,000	391,000	155,000
Jun-17	43,000	66,000	334,000	173,000
Month-over-month change	36.8%	-13.4%	-7.7%	-5.2%
Year-over-year change	20.9%	7.6%	8.1%	-15.0%

^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 June’s expenditure data bears this out. Total private residential construction spending for June 2018 was \$568,295 million, a 0.5% decrease from May 2018 and an 8.8% increase from June 2017. SF construction spending was \$287,416 million, and MF construction spending was \$59,884 million. Improvement, or remodeling, spending was \$220,995 million (Census Bureau 2018c). Table 6 provides data for each construction spending category for June 2018.

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

	Total private residential construction spending ^{a, b}	Single-family	Multi-family	Improvement ^c
Jun-18	\$568,295	\$287,416	\$59,884	\$220,995
May-18	\$570,919	\$288,573	\$61,612	\$220,734
Jun-17	\$522,118	\$269,085	\$58,837	\$194,196
Month-over-month change	-0.5%	-0.4%	-2.8%	0.1%
Year-over-year change	8.8%	6.8%	1.8%	13.8%

^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 June 2018 were at a SAAR of 5,380,000 units. This is a 0.6% decrease from May 2018 and a 2.2% decrease from June 2017. Regionally, the South remains the strongest market with total existing house sales of 2,250,000 units, followed by the Midwest at 1,270,000 units. The West's total existing sales were 1,140,000 units, and in the Northeast 720,000 units were sold (FRED 2018). Table 7 provides existing house sales data for June 2018.

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

	Existing sales ^a	Median price	Mean price	Months supply
Jun-18	5,380,000	\$276,900	\$314,900	4.3
May-18	5,410,000	\$265,100	\$303,700	4.1
Jun-17	5,500,000	\$263,300	\$303,500	4.2
Month-over-month change	-0.6%	4.5%	3.7%	4.9%
Year-over-year change	-2.2%	5.2%	3.8%	2.4%
	Northeast	Midwest	South	West
Jun-18	720,000	1,270,000	2,250,000	1,140,000
May-18	680,000	1,260,000	2,300,000	1,170,000
Jun-17	750,000	1,310,000	2,240,000	1,200,000
Month-over-month change	5.9%	0.8%	-2.2%	-2.6%
Year-over-year change	-4.0%	-3.1%	0.4%	-5.0%

^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.

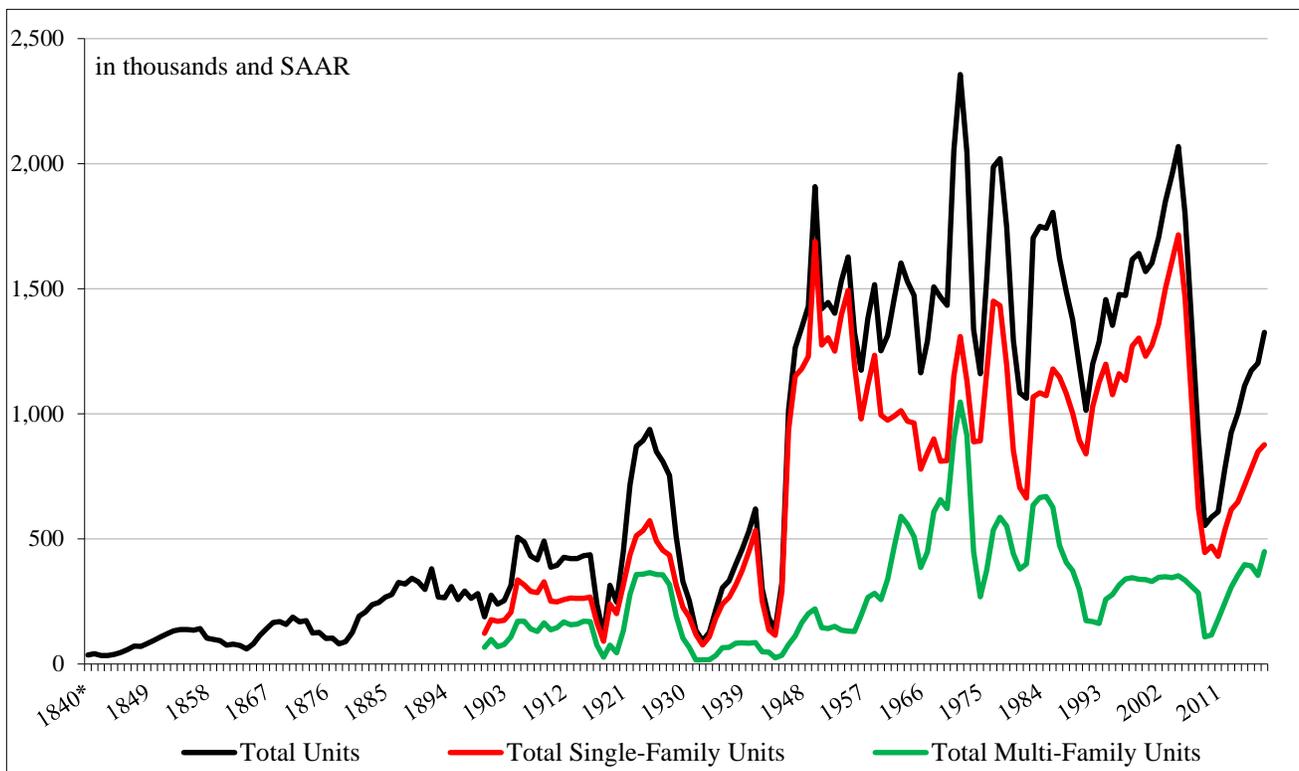


Figure 1. U.S. housing units and starts, 1840 to June 2018. Sources: Carliner (2010), U.S. Department of Commerce—Construction (2018a), and Gottlieb (1964).