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# United States Housing Brief, July 2018

Delton Alderman



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## Abstract

July housing data rebounded in the majority of categories; yet, the aggregate housing market appears to be in a sluggish mode. Total permits and starts, including single-family permits and starts crept into positive territory. Total starts were negative on a year-over-year basis. Housing under construction also crept into positive territory on a monthly basis. Total and single-family housing completions were negative on a month-over-month basis. New single-family sales declined month-over-month but were robust on a year-over-year basis. Private residential construction spending indicated minimal positive change on a monthly basis. Existing sales continued their declining trend, monthly and yearly. 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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# United States Housing Brief, July 2018

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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 mostly positive, with declines noted for multifamily under construction, total and SF completions, and existing house sales. On a further positive note, the vast majority of categories 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 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”.

## July 2018 Housing Scorecard

Category <sup>a</sup>	Month-over-month change	Year-over-year change
Housing starts (total)	▲ 0.9%	▼ 1.4%
Single-family	▲ 0.9%	▲ 2.7%
Multifamily	▲ 0.7%	▼ 11.6%
Housing permits (total)	▲ 1.5%	▲ 4.2%
Single-family	▲ 1.9%	▲ 6.4%
Multifamily	▲ 0.7%	▲ 0.2%
Housing under construction (total)	▲ 0.1%	▲ 4.8%
Single-family	▲ 1.0%	▲ 12.5%
Multifamily	▼ 0.7%	▼ 1.2%
Housing completions (total)	▼ 1.7%	▼ 0.8%
Single-family	▼ 5.2%	▼ 3.9%
Multifamily	▲ 6.9%	▲ 6.9%
New single-family house sales	▼ 1.7%	▲ 12.8%
Private residential construction spending	▲ 0.6%	▲ 6.7%
Single-family construction spending	▼ 0.3%	▲ 6.0%
Existing house sales <sup>b</sup>	▼ 0.7%	▼ 1.5%

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

<sup>b</sup> Data from Federal Reserve Bank of St. Louis (FRED).

## Starts

Total starts in July 2018 were at a seasonally adjusted annual rate (SAAR) of 1,168,000. This was 0.9% greater than June 2018 and 1.4% less than July 2017. SF starts were 862,000, which was 0.9% greater than June 2018. Multifamily (MF) starts of two to four units were 3,000 and five units or more were 303,000 (Census Bureau 2018a). July 2018 total starts were less than the 58-year average of 1,439,000 (Fig. 1).

Regionally, the South remained the strongest market, where total starts were 636,000, of which 460,000 were SF and 176,000 were MF. The West followed with total starts of 262,000, of which 199,000 were SF and 63,000 were MF. Total Midwest starts were 173,000, of which 137,000 were SF and 36,000 were MF. The Northeast recorded total starts of 97,000, of which 66,000 were SF and 31,000 were MF (Census Bureau 2018a). Table 1 provides housing start data for each start category for July 2018.

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

	Total starts <sup>a</sup>	Single-family	Multi-family (2–4 units) <sup>b</sup>	Multi-family (≥5 units)
July-18	1,168,000	862,000	3,000	303,000
Jun-18	1,158,000	854,000	10,000	294,000
July-17	1,185,000	839,000	11,000	335,000
Month-over-month change	0.9%	0.9%	-70.0%	3.1%
Year-over-year change	-1.4%	2.7%	-72.7%	-9.6%
	Northeast	Midwest	South	West
July-18	97,000	173,000	636,000	262,000
Jun-18	101,000	155,000	576,000	326,000
July-17	119,000	161,000	611,000	294,000
Month-over-month change	-4.0%	11.6%	10.4%	-19.6%
Year-over-year change	-18.5%	7.5%	4.1%	-10.9%

<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 July 2018 were at a SAAR of 1,311,000. This is 1.5% greater than June 2018 and 4.2% greater than July 2017. SF permits were 869,000, which was 1.9% greater than June 2018. MF permits of two to four units were 32,000 and five units or more were 401,000 (Census Bureau 2018a). Historically, MF permits can be extremely variable, M/M and Y/Y.

Regionally, the South remained the strongest market, where total permits issued were 668,000, of which 484,000 were SF and 184,000 were MF. The West followed with total permits of 334,000, of which 215,000 were SF and 119,000 were MF. Midwest total permits were 183,000, of which 117,000 were SF and 56,000 were MF. In the Northeast, total permits were 126,000, of which 73,000 were SF and 63,000 were MF (Census Bureau 2018a). Table 2 provides permit data for each permit category for July 2018.

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

	Total permits <sup>a</sup>	Single-family	Multi-family (2–4 units) <sup>b</sup>	Multi-family (≥5 units)
July-18	1,311,000	869,000	32,000	410,000
Jun-18	1,292,000	853,000	36,000	403,000
July-17	1,258,000	817,000	42,000	399,000
Month-over-month change	1.5%	1.9%	-11.1%	1.7%
Year-over-year change	4.2%	6.4%	-23.8%	2.8%
	Northeast	Midwest	South	West
July-18	126,000	183,000	668,000	334,000
Jun-18	119,000	173,000	670,000	330,000
July-17	122,000	173,000	638,000	325,000
Month-over-month change	5.9%	5.8%	-0.3%	1.2%
Year-over-year change	3.3%	5.8%	4.7%	2.8%

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

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

## Housing under Construction

Total housing under construction (HUC) issued in July 2018 was at a SAAR of 1,122,000. This was 0.1% greater than June 2018 and 4.8% greater than July 2017. SF HUC was 521,000, 1.0% greater than June 2018. MF HUC of two to four units was 12,000 and five units or more was 589,000 (Census Bureau 2018a).

Regionally, the South remained the strongest market, where total HUC was 458,000, of which 245,000 were SF and 213,000 were MF. The West followed with a total HUC of 327,000 units, of which 136,000 were SF and 191,000 were MF. The Northeast total HUC was 184,000, of which 57,000 were SF and 127,000 were MF. Midwest total HUC was 153,000, of which 83,000 were SF and 70,000 were MF (Census Bureau 2018a). Table 3 provides HUC data for July 2018.

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

	Total HUC <sup>a</sup>	Single-family	Multi-family (2–4 units) <sup>b</sup>	Multi-family (≥5 units)
July-18	1,122,000	521,000	12,000	589,000
Jun-18	1,121,000	516,000	12,000	593,000
July-17	1,071,000	463,000	9,000	599,000
Month-over-month change	0.1%	1.0%	0.0%	–0.7%
Year-over-year change	4.8%	12.5%	33.3%	–1.7%
	Northeast	Midwest	South	West
July-18	184,000	153,000	458,000	327,000
Jun-18	187,000	154,000	451,000	329,000
July-17	186,000	153,000	441,000	291,000
Month-over-month change	–1.6%	–0.6%	1.6%	–0.6%
Year-over-year change	–1.1%	0.0%	3.9%	12.4%

<sup>a</sup> Source: U.S. Department of Commerce–Construction (SAAR).

<sup>b</sup> 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 July 2018 were at a SAAR of 1,188,000. This was 1.7% less than June 2018 and 0.8% less than July 2017. SF completions were 814,000, which is 5.2% less than June 2018. MF completions of two to four units were 3,000 and five units or more were 371,000 (Census Bureau 2018a).

The South remained the strongest market, where total completions were 565,000, of which 428,000 were SF and 137,000 were MF. The West followed with total completions of 313,000 units, of which 206,000 were SF and 107,000 were MF. Midwest total completions were 184,000, of which 131,000 were SF and 53,000 were MF. Total Northeast completions were 126,000, of which 49,000 were SF and 77,000 were MF (Census Bureau 2018a). Table 4 provides housing completion data for July 2018.

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

	Total completions <sup>a</sup>	Single-family	Multi-family (2–4 units) <sup>b</sup>	Multi-family (≥5 units)
July-18	1,188,000	814,000	3,000	371,000
Jun-18	1,209,000	859,000	7,000	343,000
July-17	1,197,000	847,000	7,000	343,000
Month-over-month change	–1.7%	–5.2%	–57.1%	8.2%
Year-over-year change	–0.8%	–3.9%	–57.1%	8.2%
	Northeast	Midwest	South	West
July-18	126,000	184,000	565,000	313,000
Jun-18	76,000	171,000	601,000	361,000
July-17	106,000	171,000	640,000	280,000
Month-over-month change	65.8%	7.6%	–6.0%	–13.3%
Year-over-year change	18.9%	7.6%	–11.7%	11.8%

<sup>a</sup> Source: U.S. Department of Commerce–Construction (SAAR).

<sup>b</sup> 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 July 2018 were estimated at a SAAR of 627,000 units. This was a decrease of 1.7% from June 2018 and an increase of 12.8% from July 2017. Regionally, the South remained the strongest market with total new SF house sales of 355,000, followed by the West with 173,000. The Midwest had 78,000, sales and the Northeast had 21,000.

The median sales price of new houses sold in July 2018 was \$394,300 and the mean sales price was \$328,700 (Census Bureau 2018b). Table 5 provides new SF sales data for July 2018.

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

	New SF sales <sup>a</sup>	Median price	Mean price	Months supply
July-18	627,000	\$328,700	\$394,300	5.9
Jun-18	638,000	\$310,000	\$369,500	5.7
July-17	556,000	\$322,900	\$372,400	6.0
Month-over-month change	-1.7%	6.0%	6.7%	3.5%
Year-over-year change	12.8%	1.8%	5.9%	-1.7%
	Northeast	Midwest	South	West
July-18	21,000	78,000	355,000	173,000
Jun-18	44,000	71,000	367,000	156,000
July-17	41,000	66,000	303,000	146,000
Month-over-month change	-52.3%	9.9%	-3.3%	10.9%
Year-over-year change	-48.8%	18.2%	17.2%	18.5%

<sup>a</sup> 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 July's expenditure data bear this out. Total private residential construction spending for July 2018 was \$560,088 million, a 0.6% increase from June 2018 and a 6.7% increase from July 2017. SF construction spending was \$287,064 million, and MF construction spending was \$58,940 million. Improvement, or remodeling, spending was \$214,084 million (Census Bureau 2018c). Table 6 provides data for each construction spending category for July 2018.

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

	Total private residential construction spending <sup>a, b</sup>	Single-family	Multi-family	Improvement <sup>c</sup>
July-18	\$560,088	\$287,064	\$58,940	\$214,084
Jun-18	\$556,688	\$287,882	\$59,203	\$209,603
July-17	\$524,880	\$270,813	\$58,299	\$195,768
Month-over-month change	0.6%	-0.3%	-0.4%	2.1%
Year-over-year change	6.7%	6.0%	1.1%	9.4%

<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 July 2018 were at a SAAR of 5,340,000 units. This is a 0.7% decrease from June 2018 and a 1.5% decrease from July 2017. Regionally, the South remained the strongest market with total existing house sales of 2,240,000 units, followed by the Midwest at 1,250,000 units. The West's total existing sales were 1,190,000 units. In the Northeast, 660,000 units were sold (FRED 2018). Table 7 provides existing house sales data for July 2018.

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

	Existing sales <sup>a</sup>	Median price	Mean price	Months Supply
July-18	5,340,000	\$273,800	\$311,900	4.3
Jun-18	5,380,000	\$265,100	\$303,700	4.3
July-17	5,420,000	\$263,300	\$303,500	4.3
Month-over-month change	-0.7%	-1.5%	-1.3%	0.0%
Year-over-year change	-1.5%	4.5%	3.0%	0.0%
	Northeast	Midwest	South	West
July-18	660,000	1,250,000	2,240,000	1,190,000
Jun-18	720,000	1,270,000	2,250,000	1,140,000
July-17	670,000	1,260,000	2,250,000	1,240,000
Month-over-month change	-8.3%	-1.6%	-0.4%	4.4%
Year-over-year change	-1.5%	-0.8%	-0.4%	-4.0%

<sup>a</sup> 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.

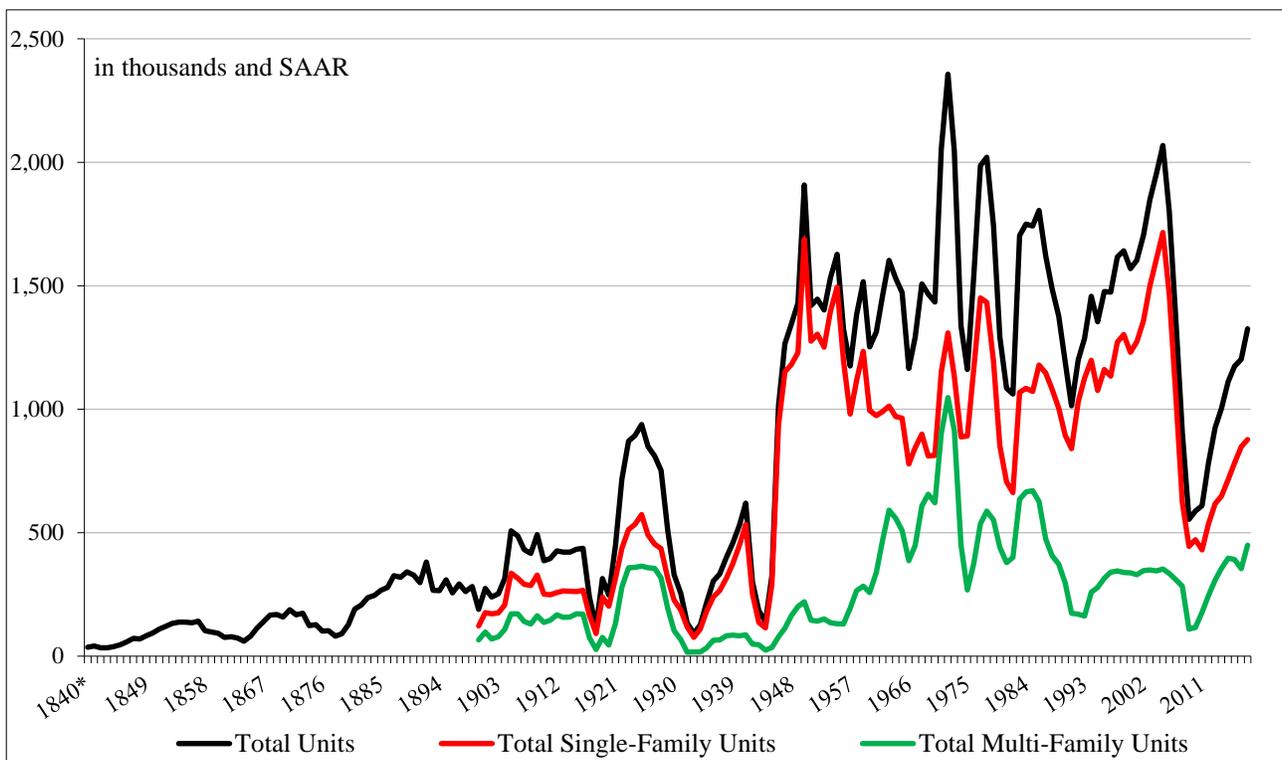


Figure 1—U.S. housing units and starts, 1840 to July 2018.

Sources: Carliner (2010), U.S. Department of Commerce—Construction (2018a), and Gottlieb (1964).