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# United States Housing Brief, September 2019

Delton Alderman



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## Abstract

In September, United States single-family construction data indicated month-over-month improvement in several critical categories, with the exception being completions. Total housing starts, permits, and completions were negative month-over-month. Only total and single-family under construction were positive on a monthly and yearly basis. Of note, total and single-family construction spending continued year-over-year declines. Declining interest rates have led to improving housing affordability, which is one factor for this month's improvement.

**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, September 2019

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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 construction markets were somewhat improved in September, on a monthly and year-over-year 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 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”.

## September 2019 Housing Scorecard

Category <sup>a</sup>	Month-over-month change	Year-over-year change
Housing starts (total)	▼ 9.4%	▲ 1.6%
Single-family	▲ 0.3%	▲ 4.3%
Multifamily	▼ 28.2%	▼ 5.1%
Housing permits (total)	▼ 2.7%	▲ 7.7%
Single-family	▲ 0.8%	▲ 2.8%
Multifamily	▼ 8.2%	▲ 17.4%
Housing under construction (total)	▲ 0.7%	▲ 2.2%
Single-family	▲ 1.4%	NC <sup>b</sup>
Multifamily	▲ 0.2%	▲ 1.0%
Housing completions (total)	▼ 9.7%	▼ 1.0%
Single-family	▼ 8.6%	▲ 1.8%
Multifamily	▲ 0.2%	▲ 4.1%
New single-family house sales	▼ 0.7%	▲ 15.5%
Private residential construction spending	▲ 0.6%	▼ 3.6%
Single-family construction spending	▲ 1.3%	▼ 4.9%
Existing house sales <sup>b</sup>	▼ 2.2%	▲ 3.9%

<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 September 2019 were at a seasonally adjusted annual rate (SAAR) of 1,256,000. This was 9.4% less than August 2019 and 1.6% greater than September 2018. Single-family (SF) starts were 918,000, which was 0.3% greater than August 2019. Multifamily (MF) starts of two to four units were 11,000 and five units or more were 327,000 (Census Bureau 2019a). September 2019 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 676,000, of which 525,000 were SF and 151,000 were MF. The West followed with total starts of 304,000, of which 210,000 were SF and 94,000 were MF. Total Midwest starts were 167,000, of which 122,000 were SF and 45,000 were MF. The Northeast recorded total starts of 109,000, of which 61,000 were SF and 48,000 were MF (Census Bureau 2019a). Table 1 provides housing start data for each start category for September 2019.

**Table 1—National and regional U.S. housing starts for September 2019 in comparison to August 2019 and September 2018**

	Total starts <sup>a</sup>	Single-family	Multi-family (2–4 units) <sup>b</sup>	Multi-family (≥5 units)
Sep-19	1,256,000	918,000	11,000	327,000
Aug-19	1,386,000	915,000	15,000	456,000
Sep-18	1,236,000	880,000	9,000	347,000
Month-over-month change	–9.4%	0.3%	–26.7%	–28.3%
Year-over-year change	1.6%	4.3%	22.2%	–5.8%
	Northeast	Midwest	South	West
Sep-19	109,000	167,000	676,000	304,000
Aug-19	166,000	206,000	704,000	310,000
Sep-18	140,000	171,000	570,000	355,000
Month-over-month change	–34.3%	–18.9%	–4.0%	–1.9%
Year-over-year change	–22.1%	–2.3%	18.6%	–14.4%

<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 September 2019 were at a SAAR of 1,387,000. This was 2.7% less than August 2019 and 7.7% greater than September 2018. SF permits were 882,000, which was 0.8% greater than August 2019. MF permits of two to four units were 35,000 and five units or more were 470,000 (Census Bureau 2019a). Historically, MF permits can be extremely variable, M/M and Y/Y.

Regionally, the South remains the strongest market, where total permits issued were 732,000, of which 507,000 were SF and 225,000 were MF. The West followed with total permits of 366,000, of which 203,000 were SF and 163,000 were MF. Midwest total permits were 176,000, of which 125,000 were SF and 51,000 were MF. In the Northeast, total permits were 113,000, of which 47,000 were SF and 51,000 were MF (Census Bureau 2019a). Table 2 provides permit data for each permit category for September 2019.

**Table 2—National and regional U.S. housing permits for September 2019 in comparison to August 2019 and September 2018**

	Total permits <sup>a</sup>	Single-family	Multi-family (2–4 units) <sup>b</sup>	Multi-family (≥5 units)
Sep-19	1,387,000	882,000	35,000	470,000
Aug-19	1,425,000	875,000	42,000	508,000
Sep-18	1,288,000	858,000	41,000	389,000
Month-over-month change	–2.7%	0.8%	–16.7%	–7.5%
Year-over-year change	7.7%	2.8%	–14.6%	20.8%
	Northeast	Midwest	South	West
Sep-19	113,000	176,000	732,000	366,000
Aug-19	152,000	187,000	754,000	332,000
Sep-18	101,000	172,000	678,000	337,000
Month-over-month change	–25.7%	–5.9%	–2.9%	10.2%
Year-over-year change	11.9%	2.3%	8.0%	8.6%

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

## Housing under Construction

Total housing under construction (HUC) issued in September 2019 was at a SAAR of 1,157,000. This was a 0.7% increase from August 2019 and 2.2% greater than September 2018. SF HUC was 524,000, which was 1.4% greater than August 2019. MF HUC of two to four units was 11,000 and five units or more was 622,000 (Census Bureau 2019a).

Regionally, the South remains the strongest market, where total HUC was 500,000, of which 249,000 were SF and 251,000 were MF. The West followed with a total HUC of 329,000 units, of which 138,000 were SF and 191,000 were MF. The Northeast total HUC was 181,000, of which 60,000 were SF and 121,000 were MF. Midwest total HUC was 147,000, of which 77,000 were SF and 70,000 were MF (Census Bureau 2019a). Table 3 provides HUC data for September 2019.

**Table 3—National and regional U.S. housing under construction for September 2019 in comparison to August 2019 and September 2018**

	Total HUC <sup>a</sup>	Single-family	Multi-family (2–4 units) <sup>b</sup>	Multi-family (≥5 units)
Sep-19	1,157,000	524,000	11,000	622,000
Aug-19	1,149,000	517,000	10,000	622,000
Sep-18	1,132,000	524,000	12,000	596,000
Month-over-month change	0.7	1.4	10.0	0.0
Year-over-year change	2.2	0.0	-8.3	4.4
	Northeast	Midwest	South	West
Sep-19	181,000	147,000	500,000	329,000
Aug-19	180,000	148,000	494,000	327,000
Sep-18	190,000	153,000	452,000	337,000
Month-over-month change	0.6%	-0.7%	1.2%	0.6%
Year-over-year change	-4.7%	-3.9%	10.6%	-2.4%

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

<sup>b</sup> 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 September 2019 were at a SAAR of 1,139,000. This was 9.7% less than August 2019 and 1.0% less than September 2018. SF completions were 852,000, which is 8.6% less than August 2019. MF completions of two to four units were 2,000 and five units or more were 285,000 (Census Bureau 2019a).

The South remains the strongest market, where total completions were 603,000, of which 488,000 were SF and 115,000 were MF. The West followed with total completions of 289,000 units, of which 194,000 were SF and 115,000 were MF. Midwest total completions were 150,000, of which 109,000 were SF and 41,000 were MF. Total Northeast completions were 97,000, of which 61,000 were SF and 36,000 were MF (Census Bureau 2019a). Table 4 provides housing completion data for September 2019.

**Table 4—National and regional U.S. housing completions for September 2019 in comparison to August 2019 and September 2018**

	Total completions <sup>a</sup>	Single-family	Multi-family (2–4 units) <sup>b</sup>	Multi-family (≥5 units)
Sep-19	1,139,000	852,000	2,000	285,000
Aug-19	1,262,000	932,000	10,000	320,000
Sep-18	1,150,000	837,000	9,000	304,000
Month-over-month change	-9.7%	-8.6%	-80.0%	-10.9%
Year-over-year change	-1.0%	1.8%	-77.8%	-6.3%
	Northeast	Midwest	South	West
Sep-19	97,000	150,000	603,000	289,000
Aug-19	139,000	189,000	612,000	322,000
Sep-18	118,000	176,000	561,000	295,000
Month-over-month change	-30.2%	-20.6%	-1.5%	-10.2%
Year-over-year change	-17.8%	-14.8%	7.5%	-2.0%

<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 September 2019 were estimated at a SAAR of 701,000 units. This was a decrease of 0.7% from August 2019 and 15.5% greater than September 2018. Regionally, the South remains the strongest market with total new SF house sales of 424,000, followed by the West with 175,000. The Midwest recorded 67,000 sales, and the Northeast had 35,000.

The median sales price of new houses sold in September 2019 was \$299,400, and the mean sales price was \$362,700 (Census Bureau 2019b). Table 5 provides new SF sales data for September 2019.

**Table 5—National and regional new U.S. housing sales for September 2019 in comparison to August 2019 and September 2018**

	New SF sales <sup>a</sup>	Median price	Mean price	Month's supply
Sep-19	701,000	\$299,400	\$362,700	5.5
Aug-19	706,000	\$325,200	\$394,800	5.5
Sep-18	607,000	\$328,300	\$386,400	6.2
Month-over-month change	-0.7%	-7.9%	-8.1%	0.0%
Year-over-year change	15.5%	-8.8%	-6.1%	-14.1%
	Northeast	Midwest	South	West
Sep-19	35,000	67,000	424,000	175,000
Aug-19	36,000	63,000	425,000	182,000
Sep-18	27,000	81,000	342,000	157,000
Month-over-month change	-2.8%	6.3%	-0.2%	-3.8%
Year-over-year change	29.6%	-17.3%	24.0%	11.5%

<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 September's expenditure data bear this out. Total private residential construction spending for September 2019 was \$511,419 million, a 0.6% increase from August 2019 and a 3.6% decline from September 2018. SF construction spending was \$274,612 million, and MF construction spending was \$61,533 million. Improvement, or remodeling, spending was \$175,274 million (Census Bureau 2019c). Table 6 provides data for each construction spending category for September 2019.

**Table 6—National U.S. housing construction spending for September 2019 in comparison to August 2019 and September 2018**

	Total private residential construction spending <sup>a, b</sup>	Single-family	Multi-family	Improvement <sup>c</sup>
Sep-19	\$511,419	\$274,612	\$61,533	\$175,274
Aug-19	\$508,449	\$271,120	\$61,993	\$175,336
Sep-18	\$530,462	\$288,848	\$60,959	\$180,655
Month-over-month change	0.6%	1.3%	-0.7%	0.0%
Year-over-year change	-3.6%	-4.9%	0.9%	-3.0%

<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 September 2019 were at a SAAR of 5,380,000 units. This is a 2.2% decrease from August 2019 and a 3.9% improvement from September 2018.

Regionally, the South remains the strongest market, with total existing house sales of 2,280,000 units, followed by the Midwest at 1,270,000 units. The West had total existing sales of 1,140,000 units and the Northeast had 690,000 units (FRED 2019). Table 7 provides existing house sales data for September 2019.

**Table 7—National and regional U.S. existing housing sales for September 2019 in comparison to August 2019 and September 2018**

	Existing sales <sup>a</sup>	Median price	Mean price	Month's supply
Sep-19	5,380,000	\$272,100	\$308,500	4.1
Aug-19	5,500,000	\$278,900	\$315,000	4.0
Sep-18	5,180,000	\$256,900	\$296,000	4.4
Month-over-month change	-2.2%	5.9%	-2.1%	2.5%
Year-over-year change	3.9%	5.9%	4.2%	-6.8%
	Northeast	Midwest	South	West
Sep-19	690,000	1,270,000	2,280,000	1,140,000
Month-over-month change	-2.8%	-3.1%	2.1%	0.9%
Year-over-year change	1.5%	0.8%	6.0%	5.6%

<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 September 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 nonseasonal 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.

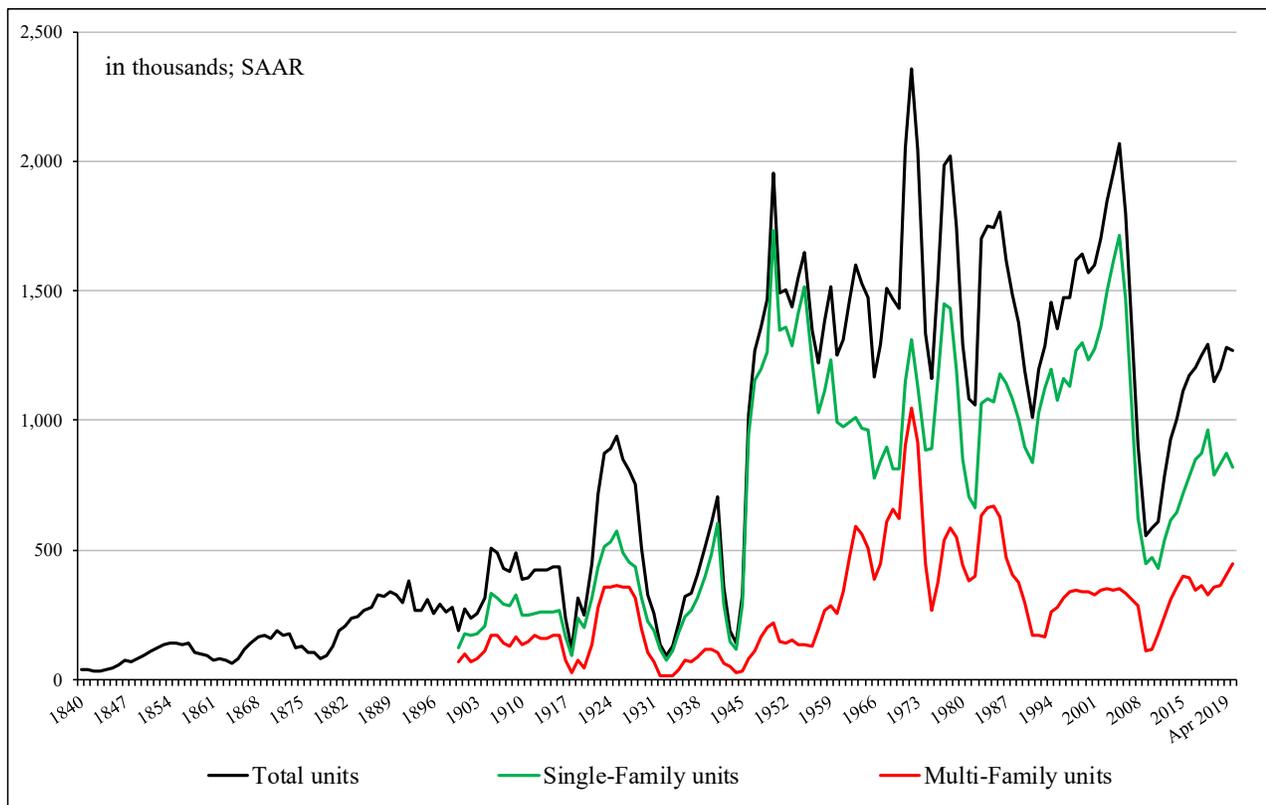


Figure 1. U.S. housing units and starts: 1840 to September 2019. Sources: Carliner (2010), Gottlieb (1964), and U.S. Department of Commerce—Construction (2019a).