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# United States Housing Brief, February 2020

Delton Alderman



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## Abstract

In February, total starts, permits, completions, new sales, and residential spending declined on a month-over-month basis. The silver lining—permits were the greatest since March 2007. On a year-over-year basis, most of the data indicated robust improvement, except for the decline in multifamily permits and total completions. Single-family under construction also decreased. New single-family house sales decreased, but on a yearly basis they were much greater than in 2019. Existing sales also improved. Single-family construction expenditures improved on a monthly and yearly basis.

**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, February 2020

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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 mostly improved in February, on a 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”.

## February 2020 Housing Scorecard

Category <sup>a</sup>	Month-over-month change	Year-over-year change
Housing starts (total)	▼ 1.5%	▲ 39.2%
Single-family	▲ 6.7%	▲ 35.4%
Multifamily	▼ 14.9%	▲ 47.6%
Housing permits (total)	▼ 5.5%	▲ 13.8%
Single-family	▲ 1.7%	▲ 23.3%
Multifamily	▼ 18.3%	▼ 2.7%
Housing under construction (total)	▲ 1.4%	▲ 6.3%
Single-family	▲ 0.6%	▼ 0.4%
Multifamily	▲ 2.1%	▲ 12.2%
Housing completions (total)	▼ 0.2%	▼ 1.2%
Single-family	▲ 14.1%	▲ 22.4%
Multifamily	▼ 31.0%	▼ 41.4%
New single-family house sales	▼ 4.4%	▲ 14.3%
Private residential construction spending	▼ 0.6%	▲ 11.3%
Single-family construction spending	▲ 3.9%	▲ 16.1%
Existing house sales <sup>b</sup>	▲ 6.5%	▲ 7.2%

<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 February 2020 were at a seasonally adjusted annual rate (SAAR) of 1,599,000. This was 1.5% less than January 2020 and 39.2% greater than February 2019. Single-family (SF) starts were 1,072,000, which was 6.7% greater than January 2020. Multifamily (MF) starts of two to four units were 19,000 and five units or more were 508,000 (Census Bureau 2020a). February 2020 total starts were greater than the 58-year average of 1,439,000 (Fig. 1).

Regionally, the South remained the strongest market, where total starts were 889,000, of which 616,000 were SF and 273,000 were MF. The West followed with total starts of 374,000, of which 237,000 were SF and 137,000 were MF. Total Midwest starts were 210,000, of which 151,000 were SF and 59,000 were MF. The Northeast recorded total starts of 126,000, of which 68,000 were SF and 58,000 were MF (Census Bureau 2020a). Table 1 provides housing start data for each start category for February 2020.

**Table 1—National and regional U.S. housing starts for February 2020 in comparison to January 2020 and February 2019**

	Total starts <sup>a</sup>	Single-family	Multi-family (2–4 units) <sup>b</sup>	Multi-family (≥5 units)
Feb-20	1,599,000	1,072,000	19,000	508,000
Jan-20	1,624,000	1,005,000	7,000	612,000
Feb-19	1,149,000	792,000	5,000	352,000
Month-over-month change	–1.5%	6.7%	171.4%	–17.0%
Year-over-year change	39.2%	35.4%	280.0%	44.3%
	Northeast	Midwest	South	West
Feb-20	126,000	210,000	889,000	374,000
Jan-20	215,000	180,000	772,000	457,000
Feb-19	89,000	159,000	650,000	329,000
Month-over-month change	–41.4%	16.7%	15.2%	–18.2%
Year-over-year change	41.6%	32.1%	36.8%	49.0%

<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 February 2020 were at a SAAR of 1,464,000. This was 5.5% less than January 2020 and 13.8% greater than February 2019. SF permits were 1,004,000, which was 1.7% greater than January 2020. MF permits of two to four units were 45,000 and five units or more were 415,000 (Census Bureau 2020a). Historically, MF permits can be extremely variable, M/M and Y/Y.

Regionally, the South remained the strongest market, where total permits issued were 741,000, of which 540,000 were SF and 201,000 were MF. The West followed with total permits of 384,000, of which 257,000 were SF and 127,000 were MF. Midwest total permits were 202,000, of which 135,000 were SF and 67,000 were MF. In the Northeast, total permits were 137,000, of which 72,000 were SF and 65,000 were MF (Census Bureau 2020a). Table 2 provides permit data for each permit category for February 2020.

**Table 2—National and regional U.S. housing permits for February 2020 in comparison to January 2020 and February 2019**

	Total permits <sup>a</sup>	Single-family	Multi-family (2–4 units) <sup>b</sup>	Multi-family (≥5 units)
Feb-20	1,464,000	1,004,000	45,000	415,000
Jan-20	1,550,000	987,000	43,000	520,000
Feb-19	1,287,000	814,000	36,000	437,000
Month-over-month change	–5.5%	1.7%	4.7%	–20.2%
Year-over-year change	13.8%	23.3%	25.0%	–5.0%
	Northeast	Midwest	South	West
Feb-20	137,000	202,000	741,000	384,000
Jan-20	183,000	220,000	753,000	394,000
Feb-19	135,000	192,000	674,000	286,000
Month-over-month change	–25.1%	–8.2%	–1.6%	–2.5%
Year-over-year change	1.5%	5.2%	9.9%	34.3%

<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 February 2020 was at a SAAR of 1,222,000. This was 1.4% greater than January 2020 and 6.3% greater than February 2019. SF HUC was 539,000, which was 0.6% greater than January 2020. MF HUC of two to four units was 12,000 and five units or more was 671,000 (Census Bureau 2020a).

Regionally, the South remained the strongest market, where total HUC was 540,000, of which 262,000 were SF and 278,000 were MF. The West followed with a total HUC of 348,000 units, of which 144,000 were SF and 204,000 were MF. The Northeast total HUC was 179,000, of which 54,000 were SF and 125,000 were MF. Midwest total HUC was 155,000, of which 79,000 were SF and 76,000 were MF (Census Bureau 2020a). Table 3 provides HUC data for February 2020.

**Table 3—National and regional U.S. housing under construction for February 2020 in comparison to January 2020 and February 2019**

	Total HUC <sup>a</sup>	Single-family	Multi-family (2–4 units) <sup>b</sup>	Multi-family (≥5 units)
Feb-20	1,222,000	539,000	12,000	671,000
Jan-20	1,205,000	536,000	12,000	657,000
Feb-19	1,150,000	541,000	12,000	597,000
Month-over-month change	1.4%	0.6%	0.0%	2.1%
Year-over-year change	6.3%	-0.4%	0.0%	12.4%
	Northeast	Midwest	South	West
Feb-20	179,000	155,000	540,000	348,000
Jan-20	178,000	156,000	525,000	346,000
Feb-19	190,000	154,000	483,000	323,000
Month-over-month change	0.6%	-0.6%	2.9%	0.6%
Year-over-year change	-5.8%	0.6%	11.8%	7.7%

<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 February 2020 were at a SAAR of 1,316,000. This was 0.2% less than January 2020 and 1.2% less than February 2019. SF completions were 1,027,000, which is 14.1% greater than January 2020. MF completions of two to four units were 9,000 and five units or more were 280,000 (Census Bureau 2020a).

The South remained the strongest market, where total completions were 662,000, of which 543,000 were SF and 119,000 were MF. The West followed with total completions of 359,000 units, of which 250,000 were SF and 109,000 were MF. Total Midwest completions were 194,000, of which 160,000 were SF and 34,000 were MF (Census Bureau 2020a). Northeast total completions were 101,000, of which 74,000 were SF and 27,000 were MF. Table 4 provides housing completion data for February 2020.

**Table 4—National and regional U.S. housing completions for February 2020 in comparison to January 2020 and February 2019**

	Total completions <sup>a</sup>	Single-family	Multi-family (2–4 units) <sup>b</sup>	Multi-family (≥5 units)
Feb-20	1,316,000	1,027,000	9,000	280,000
Jan-20	1,319,000	900,000	11,000	408,000
Feb-19	1,332,000	839,000	17,000	476,000
Month-over-month change	-0.2%	14.1%	-18.2%	-31.4%
Year-over-year change	-1.2%	22.4%	-47.1%	-41.2%
	Northeast	Midwest	South	West
Feb-20	101,000	194,000	662,000	359,000
Jan-20	107,000	188,000	630,000	394,000
Feb-19	103,000	202,000	675,000	352,000
Month-over-month change	-5.6%	3.2%	5.1%	-8.9%
Year-over-year change	-1.9%	-4.0%	-1.9%	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 February 2020 were estimated at a SAAR of 765,000 units. This was a decrease of 4.4% from January 2020 and 14.3% greater than February 2019.

Regionally, the South remained the strongest market with total new SF house sales of 404,000, followed by the West with 222,000. The Midwest recorded 89,000 sales, and the Northeast had 50,000.

The median sales price of new houses sold in February 2020 was \$345,900, and the mean sales price was \$403,800 (Census Bureau 2020b). Table 5 provides new SF sales data for February 2020.

**Table 5—National and regional new U.S. housing sales for February 2020 in comparison to January 2020 and February 2019**

	New SF sales <sup>a</sup>	Median price	Mean price	Month's supply
Feb-20	765,000	345,900	403,800	5.0
Jan-20	800,000	325,300	384,000	4.8
Feb-19	669,000	320,800	383,600	6.1
Month-over-month change	-4.4%	6.3%	5.2%	4.2%
Year-over-year change	14.3%	7.8%	5.3%	-18.0%
	Northeast	Midwest	South	West
Feb-20	50,000	89,000	404,000	222,000
Jan-20	36,000	96,000	400,000	268,000
Feb-19	34,000	77,000	380,000	178,000
Month-over-month change	38.9%	-7.3%	1.0%	-17.2%
Year-over-year change	47.1%	15.6%	6.3%	24.7%

<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 February's expenditure data bear this out. Total private residential construction spending for February 2020 was \$564,302 million, a 0.6% decrease from January 2020 and a 11.3% improvement from February 2019. SF construction spending was \$311,679 million, and MF construction spending was \$58,276 million. Improvement, or remodeling, spending was \$194,347 million (Census Bureau 2020c). Table 6 provides data for each construction spending category for February 2020.

**Table 6—National U.S. housing construction spending for February 2020 in comparison to January 2020 and February 2019**

	Total private residential construction spending <sup>a, b</sup>	Single-family	Multi-family	Improvement <sup>c</sup>
Feb-20	\$564,302	\$311,679	\$58,276	\$194,347
Jan-20	\$567,555	\$299,904	\$58,200	\$209,451
Feb-19	\$506,996	\$268,563	\$61,797	\$176,636
Month-over-month change	-0.6%	3.9%	0.1%	-7.2%
Year-over-year change	11.3%	16.1%	-5.7%	10.0%

<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 February 2020 were at a SAAR of 5,770,000 units. This is a 6.5% increase from January 2020 and 7.2% more than February 2019. Regionally, the South remains the strongest market, with total existing house sales of 2,520,000 units, followed by the Midwest at 1,290,000 units. The West had total existing sales of 1,260,000 units and the Northeast had 700,000 units (FRED 2020a). Table 7 provides existing house sales data for February 2020.

**Table 7—National and regional U.S. existing housing sales for February 2020 in comparison to January 2020 and February 2019**

	Existing sales <sup>a</sup>	Median price	Mean price	Month's supply
Feb-20	5,770,000	\$270,100	\$305,800	3.1
Jan-20	5,420,000	\$266,200	\$302,900	3.1
Feb-19	5,380,000	\$250,100	\$288,500	3.0
Month-over-month change	6.5%	1.5%	1.0%	0.0%
Year-over-year change	7.2%	8.0%	6.0%	3.3%

	Northeast	Midwest	South	West
Feb-20	700,000	1,290,000	2,520,000	1,260,000
Jan-20	730,000	1,280,000	2,350,000	1,060,000
Feb-19	680,000	1,240,000	2,330,000	1,130,000
Month-over-month change	-4.1%	0.8%	7.2%	18.9%
Year-over-year change	2.9%	4.0%	8.2%	11.5%

<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 February 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.

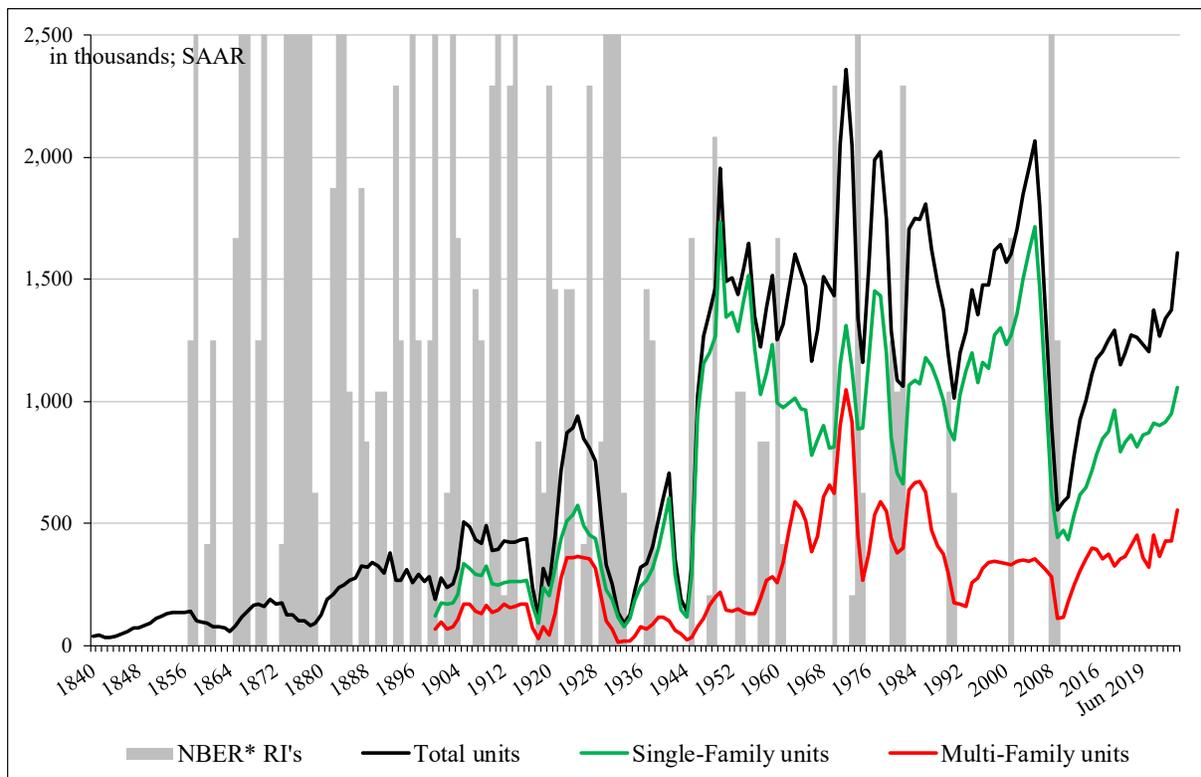


Figure 1. U.S. housing units and starts: 1840 to February 2020. \* National Bureau of Economic Research (NBER)-based recession bar indicators (RIs) for the United States from the period following the peak through the trough (FRED 2020b). Sources: Carlner (2010), Gottlieb (1964), and Census Bureau (2020a).