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United States Housing Brief, June 2020

Delton Alderman



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Abstract

In June, housing starts and new house sales were reassuring, as housing was a bright spot for the U.S. economy, albeit a subdued one. Total, single-, and multi-family starts; total and single-family permits; total and single-family completions; and new and existing house sales were positive on a month-over-month basis. Housing under construction and completions were the only subsectors registering positive data year-over-year. The majority of housing subsector data were negative. The effect of the Covid-19 virus is still evident in June's data.

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. In June 2020, on a month-over-month basis, the aggregate of U.S. housing subsector data were positive. Conversely, year-over-year subsector data were primarily negative in June.

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 2020 Housing Scorecard

Category ^a	Month-over-month change	Year-over-year change
Housing starts (total)	▲ 17.3%	▼ 4.0%
Single-family	▲ 17.2%	▼ 3.9%
Multifamily	▲ 17.5%	▼ 4.1%
Housing permits (total)	▲ 2.1%	▼ 2.5%
Single-family	▲ 11.8%	▼ 1.1%
Multifamily	▼ 13.4%	▼ 5.3%
Housing under construction (total)	▼ 0.6%	▲ 2.0%
Single-family	▼ 1.4%	▼ 4.8%
Multifamily	NC ^b	▲ 7.8%
Housing completions (total)	▲ 4.3%	▲ 5.1%
Single-family	▲ 9.6%	▲ 4.0%
Multifamily	▼ 8.4%	▲ 8.2%
New single-family house sales	▲ 13.8%	▲ 6.9%
Private residential construction spending	▼ 1.5%	▼ 0.8%
Single-family construction spending	▼ 3.6%	▼ 7.6%
Existing house sales ^c	▲ 20.7%	▼ 11.3%

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

^b NC, no change.

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

Starts

Total starts in June 2020 were at a seasonally adjusted annual rate (SAAR) of 1,186,000. This was 17.3% more than May 2020 and 4.0% less than June 2019. Single-family (SF) starts were 831,000, which was 17.2% more than May 2020. Multifamily (MF) starts of two to four units were 5,000 and five units or more were 350,000 (Census Bureau 2020a) (Fig. 1).

Regionally, the South remained the strongest market, where total starts were 606,000, of which 445,000 were SF and 161,000 were MF. The West followed with total starts of 294,000, of which 192,000 were SF and 102,000 were MF. Total Midwest starts were 181,000, of which 122,000 were SF and 59,000 were MF. The Northeast recorded total starts of 105,000, of which 72,000 were SF and 33,000 were MF (Census Bureau 2020a). Table 1 provides housing start data for each start category for June 2020.

Table 1—National and regional U.S. housing starts for June 2020 in comparison to May 2020 and June 2019

	Total starts ^a	Single-family	Multi-family (2–4 units) ^b	Multi-family (≥5 units)
Jun-20	1,186,000	831,000	5,000	350,000
May-20	1,011,000	709,000	7,000	295,000
Jun-19	1,235,000	865,000	11,000	359,000
Month-over-month change	17.3%	17.2%	-28.6%	18.6%
Year-over-year change	-4.0%	-3.9%	-54.5%	-2.5%
	Northeast	Midwest	South	West
Jun-20	105,000	181,000	606,000	294,000
May-20	49,000	140,000	504,000	318,000
Jun-19	111,000	182,000	635,000	307,000
Month-over-month change	114.3%	29.3%	20.2%	-7.5%
Year-over-year change	-5.4%	-0.5%	-4.6%	-4.2%

^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 2020 were at a SAAR of 1,241,000. This was 2.1% more than May 2020 and 2.5% less than June 2019. SF permits were 834,000, which was 11.8% more than May 2019. MF permits of two to four units were 39,000 and five units or more were 368,000 (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 655,000, of which 468,000 were SF and 187,000 were MF. The West followed with total permits of 282,000, of which 191,000 were SF and 91,000 were MF. Midwest total permits were 183,000, of which 120,000 were SF and 63,000 were MF. In the Northeast, total permits were 121,000, of which 55,000 were SF and 66,000 were MF (Census Bureau 2020a). Table 2 provides permit data for each permit category for June 2020.

Table 2—National and regional U.S. housing permits for June 2020 in comparison to May 2020 and June 2019

	Total permits ^a	Single-family	Multi-family (2–4 units) ^b	Multi-family (≥5 units)
Jun-20	1,241,000	834,000	39,000	368,000
May-20	1,216,000	746,000	42,000	428,000
Jun-19	1,273,000	843,000	46,000	384,000
Month-over-month change	2.1%	11.8%	-7.1%	-14.0%
Year-over-year change	-2.5%	-1.1%	-15.2%	-4.2%
	Northeast	Midwest	South	West
Jun-20	121,000	183,000	655,000	282,000
May-20	110,000	165,000	657,000	284,000
Jun-19	134,000	172,000	636,000	331,000
Month-over-month change	10.0%	10.9%	-0.3%	-0.7%
Year-over-year change	-9.7%	6.4%	3.0%	-14.8%

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

^b 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 June 2020 was at a SAAR of 1,162,000. This was a 0.6% decrease from May 2020 and 2.0% greater than June 2019. SF HUC was 497,000, which was 1.4% less than May 2020. MF HUC of two to four units were 11,000 and five units or more were 654,000 (Census Bureau 2020a).

Regionally, the South remained the strongest market, where total HUC was 516,000, of which 235,000 were SF and 281,000 were MF. The West followed with a total HUC of 337,000 units, of which 138,000 were SF and 199,000 were MF. The Northeast total HUC was 167,000, of which 54,000 were SF and 113,000 were MF. Midwest total HUC was 142,000, of which 70,000 were SF and 72,000 were MF (Census Bureau 2020a). Table 3 provides HUC data for June 2020.

Table 3—National and regional U.S. housing under construction for June 2020 in comparison to May 2020 and June 2019

	Total HUC ^a	Single-family	Multi-family (2–4 units) ^b	Multi-family (≥5 units)
Jun-20	1,162,000	497,000	11,000	654,000
May-20	1,169,000	504,000	12,000	653,000
Jun-19	1,139,000	522,000	11,000	606,000
Month-over-month change	–0.6%	–1.4%	–8.3%	0.2%
Year-over-year change	2.0%	–4.8%	0.0%	7.9%
	Northeast	Midwest	South	West
Jun-20	167,000	142,000	516,000	337,000
May-20	169,000	144,000	518,000	338,000
Jun-19	178,000	147,000	488,000	326,000
Month-over-month change	–1.2%	–1.4%	–0.4%	–0.3%
Year-over-year change	–6.2%	–3.4%	5.7%	3.4%

^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 June 2020 were at a SAAR of 1,225,000. This was 4.3% more than May 2020 and 5.1% more than June 2019. SF completions were 910,000, which is 9.6% more than May 2020. MF completions of two to four units were 4,000 and five units or more were 311,000 (Census Bureau 2020a).

The South remained the strongest market, where total completions were 650,000, of which 489,000 were SF and 161,000 were MF. The West followed with total completions of 304,000 units, of which 226,000 were SF and 78,000 were MF. Midwest total completions were 197,000, of which 137,000 were SF and 60,000 were MF. Total Northeast completions were 74,000, of which 58,000 were SF and 16,000 were MF (Census Bureau 2020a). Table 4 provides housing completion data for June 2020.

Table 4—National and regional U.S. housing completions for June 2020 in comparison to May 2020 and June 2019

	Total completions ^a	Single-family	Multi-family (2–4 units) ^b	Multi-family (≥5 units)
Jun-20	1,225,000	910,000	4,000	311,000
May-20	1,174,000	830,000	15,000	329,000
Jun-19	1,166,000	875,000	11,000	280,000
Month-over-month change	4.3%	9.6%	–73.3%	–5.5%
Year-over-year change	5.1%	4.0%	–63.6%	11.1%
	Northeast	Midwest	South	West
Jun-20	74,000	197,000	650,000	304,000
May-20	96,000	187,000	616,000	275,000
Jun-19	114,000	146,000	606,000	300,000
Month-over-month change	–22.9%	5.3%	5.5%	10.5%
Year-over-year change	–35.1%	34.9%	7.3%	1.3%

^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 2020 were estimated at a SAAR of 776,000 units. This was a substantial increase of 13.8% from May 2020 and 6.9% more than June 2019. Regionally, the South remained the strongest market with total new SF house sales of 434,000, followed by the West with 203,000. The Midwest recorded 84,000 sales and the Northeast had 55,000.

The median sales price of new houses sold in June 2020 was \$329,200, and the mean sales price was \$384,700 (Census Bureau 2020b). Table 5 provides new SF sales data for June 2020.

Table 5—National and regional new U.S. housing sales for June 2020 in comparison to May 2020 and June 2019

	New SF sales ^a	Median price	Mean price	Month's supply
Jun-20	776,000	\$329,200	\$384,700	4.7
May-20	682,000	\$310,200	\$362,300	5.5
Jun-19	726,000	\$311,800	\$361,900	5.5
Month-over-month change	13.8%	6.1%	6.2%	-14.5%
Year-over-year change	6.9%	5.6%	6.3%	-14.5%
	Northeast	Midwest	South	West
Jun-20	55,000	84,000	434,000	203,000
May-20	29,000	76,000	405,000	172,000
Jun-19	26,000	63,000	442,000	195,000
Month-over-month change	89.7%	10.5%	7.2%	18.0%
Year-over-year change	111.5%	33.3%	-1.8%	4.1%

^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 bear this out. Total private residential construction spending for June 2020 was \$534,170 million, a 1.5% decrease from May 2020 and a 0.8% decrease from June 2019. SF construction spending was \$252,624 million, and MF construction spending was \$80,022 million. Improvement, or remodeling, spending was \$201,524 million (Census Bureau 2020c). Table 6 provides data for each construction spending category for June 2020.

Table 6—National U.S. housing construction spending for June 2020 in comparison to May 2020 and June 2019

	Total private residential construction spending ^{a, b}	Single-family	Multi-family	Improvement ^c
Jun-20	\$534,170	\$252,624	\$80,022	\$201,524
May-20	\$542,051	\$261,986	\$77,716	\$202,349
Jun-19	\$538,372	\$273,528	\$81,722	\$183,122
Month-over-month change	-1.5%	-3.6%	3.0%	-0.4%
Year-over-year change	-0.8%	-7.6%	-2.1%	10.0%

^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 2020 were at a SAAR of 4,720,000 units. This is a 20.7% increase from May 2020 and an 11.3% decrease from June 2019. Regionally, the South remained the strongest market, with total existing house sales of 2,180,000 units, followed by the Midwest at 1,100,000 units. The West had total existing sales of 950,000 units, and the Northeast had 490,000 units (FRED 2020). Table 7 provides existing house sales data for June 2020.

Table 7—National and regional U.S. existing housing sales for June 2020 in comparison to May 2020 and June 2019

	Existing sales ^a	Median price	Mean price	Month's supply
Jun-20	4,720,000	\$295,300	\$329,900	4.0
May-20	3,910,000	\$283,600	\$317,900	4.8
Jun-19	5,320,000	\$285,400	\$321,400	4.3
Month-over-month change	20.7%	4.1%	3.8%	-16.7%
Year-over-year change	-11.3%	3.5%	2.6%	-7.0%
	Northeast	Midwest	South	West
Jun-20	490,000	1,100,000	2,180,000	950,000
May-20	470,000	990,000	1,730,000	720,000
Jun-19	680,000	1,270,000	2,270,000	1,100,000
Month-over-month change	4.3%	11.1%	26.0%	31.9%
Year-over-year change	-27.9%	-13.4%	-4.0%	-13.6%

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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 June 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.

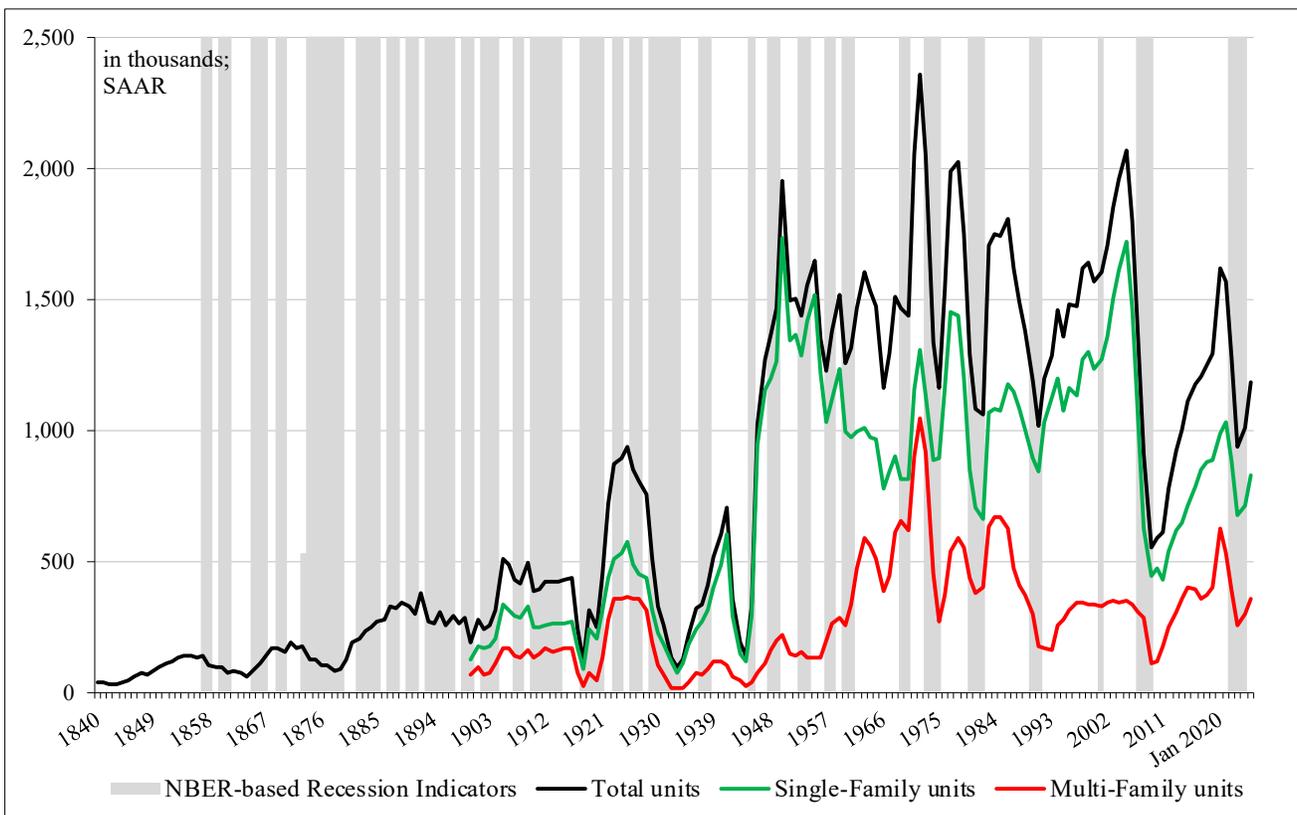


Figure 1. U.S. housing units and starts: 1840 to June 2020. Sources: Carliner (2010), Gottlieb (1964), and Census Bureau (2020a).