USDA
United States Department of Agriculture

United States Housing, 1st Quarter 2013

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The U.S. housing market exhibited growth in all sectors in the first quarter of 2013. While the increases were modest, this progress was welcomed by all industries affiliated with the housing industry. Permits, housing starts, houses under construction, completions, and new and existing home sales all rose from the record lows recorded from 2008 to 2010.

Forest Service
Northern Research Station
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Housing Permits

Housing permits[1] are a preferred indicator for gauging the future housing market by analysts. Housing permits issued during the first quarter point toward continued progress in the U.S. housing market, which began improving in 2012. The seasonally adjusted annual rate (SAAR) in January 2013 was estimated at 915,000 permits and for March 2013, 890,000 (SAAR) permits were estimated. According to the U.S. Bureau of Census, a "seasonal adjustment" estimates and subtracts seasonal effects from a particular time series to expose discrete nonseasonal features, such as underlying trends and business cycles. Both estimates are greater than the estimate of 829,700 permits issued during 2012 (Table 1, Figure 1). For additional comparison, the average annual number of permits starts from 1959 to 2012 was 1,398,900 units.

Table 1.—Housing permits, starts, under construction, and completions, by year and by month (2013)[a, b]

	Permits	Starts	Under construction	Completions
2000	1,592.3	1,569	933.8	1,573.7
2001	1,636.7	1,603	959.4	1,570.8
2002	1,747.7	1,705	1001.2	1,648.4
2003	1,889.2	1,848	1141.4	1,678.7
2004	2,070.1	1,956	1237.1	1,841.9
2005	2,155.3	2,068	1355.9	1,931.4
2006	1,838.9	1,801	1204.9	1,979.4
2007	1,398.4	1,355	1025.0	1,502.8
2008	905.4	905	780.9	1,119.7
2009	583.0	554	495.4	794.4
2010	605.0	529	411.0	651.7
2011	610.7	607	417.7	585.2
2012	829.7	781	532.5	649.2
		2013[c]		
Jan	915	898	563	720
Feb	952	969	581	727
Mar	890	1,005	594	810

[a] In thousands, annual and monthly data.
[b] Data are for conventional housing and do not include mobile home shipments.
[c] Seasonally adjusted annual rate.
Data source: Census Bureau 2013a.

Housing Starts

Housing starts also are an indicator for the future housing construction market and, like permits, housing starts continued to increase from 2012. In January 2013, 898,000 starts (SAAR) were estimated, the greatest number since 2008 (Table 1, Figure 1). For an added contrast, the average annual number of starts from 1946 to 2012 was 1,483,165 units.

Housing Under Construction

Housing under construction data is an indicator of the current state of construction activity. This information can be used to assess current construction employment and building material demand. In January 2013, 563,000 (SAAR) houses were in some stage of construction, the greatest number since 2008 (Table 1, Figure 1). For comparison, the average annual number of houses under construction from 1969 to 2012 was 950,804 units.

Housing Completions

In January 2013, a seasonally adjusted 720,000 housing completions were estimated; by March the number had risen to 810,000 (Table 1, Figure 1). For an added contrast, the average annual number of completions from 1968 to 2012 was 1,488,400 units.

[1] See glossary for definitions of terms.

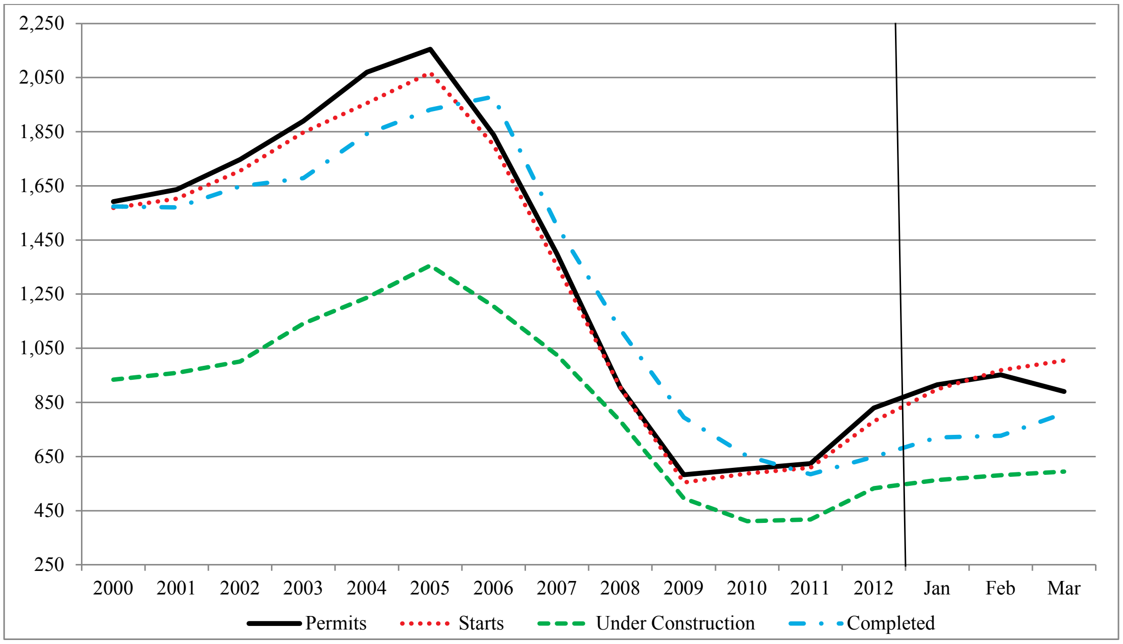

Figure 1.—Total housing permits, starts, under construction, and completions, 2000-2013, in thousands. Seasonally adjusted annual rates for 2013 first quarter data. Data source: Census Bureau 2013a.

Single-family Housing

In January 2013, 588,000 single-family housing permits were issued and in March 599,000 were recorded. Single-family housing starts ranged from 614,000 to 623,000 in the first quarter. Single-family houses under construction also increased from 288,000 in January to 293,000 by March. Housing completions rose from 554,000 in January to 591,000 by March (Table 2, Figure 2). For comparison, the average annual number of single-family permits from 1959 to 2012 was 920,700; the average number of starts from 1946 to 2012 was 1,107,203 units; the average annual number of single-family houses under construction was 553,139 (1969-2012); and completions from 1968 to 2012 were 1,070,900 units. Typically, the construction of single-family houses consumes more softwood, hardwood, and wood composite products than in any other type of building (Wood Products Council 2006). As such, single-family housing starts are an important indicator of the current status of the housing market and this metric is used by the forest products industry and many other industries to gauge future housing activity.

Table 2.—Single-family (SF) housing permits, starts, under construction, and completions, by year and by month (2013)[a, b]

	SF permits	SF starts	SF under construction	SF completions
2000	1,198.1	1,231	623.4	1,241.8
2001	1,235.6	1,273	638.3	1,255.9
2002	1,332.6	1,359	668.8	1,325.1
2003	1,460.9	1,499	772.9	1,386.3
2004	1,613.4	1,611	850.3	1,531.5
2005	1,682.0	1,716	929.1	1,635.9
2006	1,378.2	1,465	764.7	1,654.5
2007	979.9	1,046	579.1	1,218.4
2008	575.6	622	377.3	818.8
2009	441.1	445	283.1	520.1
2010	447.0	471	247.3	496.3
2011	413.6	431	221.6	446.3
2012	518.7	535	267.7	483.0
		2013[c]		
Jan	588	614	288	554
Feb	600	652	292	573
Mar	599	623	293	591

[a] In thousands, annual and monthly data.
[b] Data are for conventional housing and do not include mobile home shipments.
[c] Seasonally adjusted annual rate.
Data source: Census Bureau 2013a.

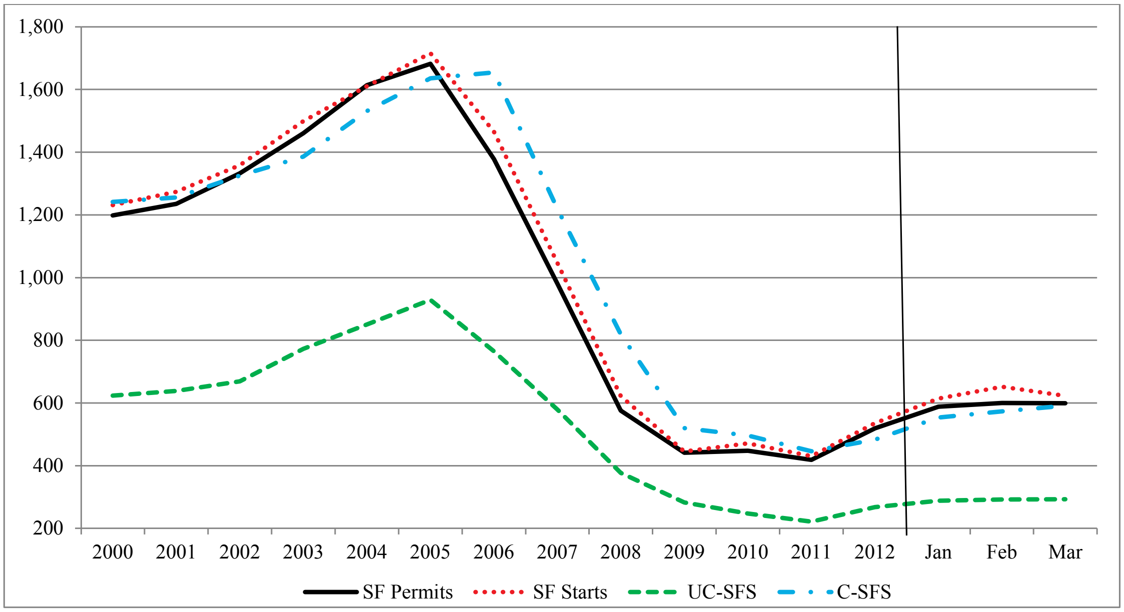

Figure 2.—Total single-family housing permits, starts, under construction, and completions, 2000-2012, in thousands. Seasonally adjusted annual rate 2013 first quarter data. Data source: Census Bureau 2013a.

Multifamily Housing

Multifamily housing continues to be an essential component in the stability of the current housing market, though the overall numbers of units built in the first quarter of 2013 was considerably less than 40 years ago. In January 2013, 327,000 multifamily housing permits were issued and in March 291,000 were recorded (both SAAR). In same period, a seasonally adjusted 284,000 multifamily housing starts were recorded and increased to 382,000 by March. Multifamily housing completions were 166,000 (SAAR) in January and rose substantially to 219,000 (SAAR) in March (Table 3, Figure 3). For an additional comparison, the average annual number of multifamily permits from 1959 to 2012 was 477,300; the average annual number of starts from 1946 to 2012 was 375,943 units; and the average annual number of completions from 1968 to 2012 was 417,500 units. Please note that all segments of multifamily data are considered to be volatile, on a monthly and quarterly basis.

Table 3.—Multifamily (MF) housing permits, starts, under construction, and completions, by year and by month (2013)[a, b]

	MF permits	MF starts	MF under construction	MF completions
2000	394.2	338	310.4	334
2001	401.1	329	321.0	332
2002	415.1	346	332.3	315
2003	428.3	349	368.6	323
2004	456.6	345	386.8	292
2005	473.3	353	426.8	310
2006	460.7	336	440.2	296
2007	418.5	309	445.9	325
2008	329.8	284	403.7	284
2009	141.8	109	212.3	301
2010	157.0	116	163.8	274
2011	197.1	178	196.2	155
2012	267.7	245	264.9	166
		2013[c]		
Jan	327	284	267	166
Feb	352	317	289	154
Mar	291	382	301	219

[a] In thousands, annual and monthly data.
[b] Data are for conventional housing and do not include mobile home shipments.
[c] Seasonally adjusted annual rate.
Data source: Census Bureau 2013a.

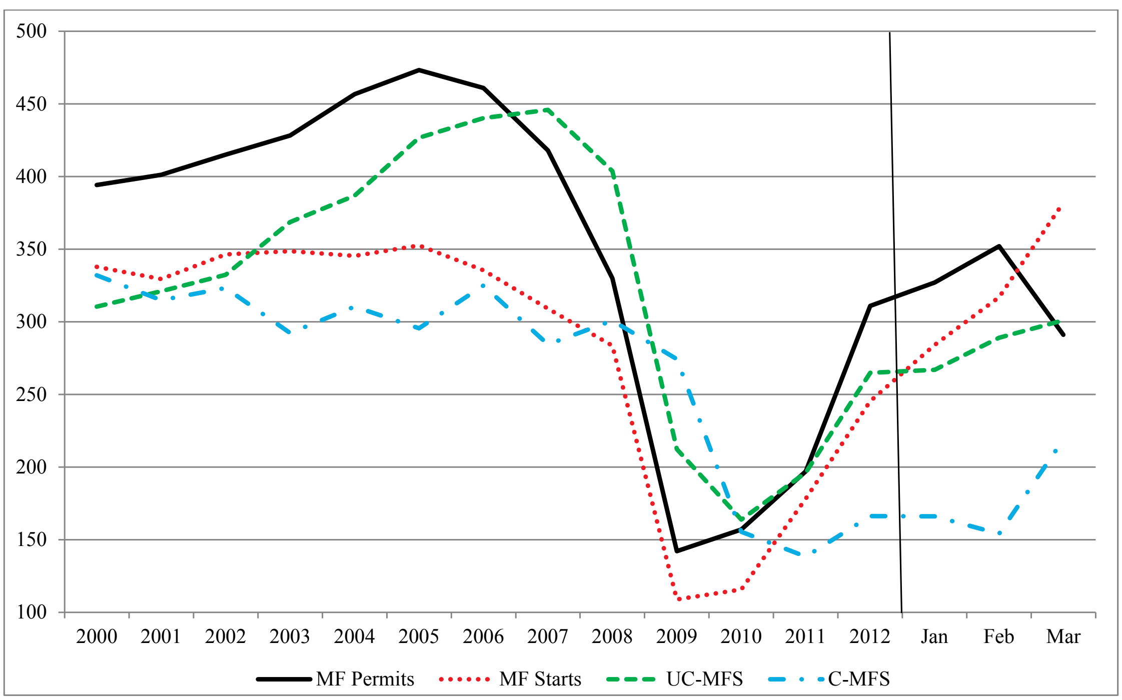

Figure 3.—Multifamily housing permits, starts, under construction, and completions, 2000-2012, in thousands. Seasonally adjusted annual rate for 2013 first quarter data. Data source: Census Bureau 2013a.

House Sales

New house sales improved in the first quarter of 2013 over the previous year, yet on a historical basis sales are considered to be less than average. For instance, first quarter 2013 sales data are approximately one-third of that recorded in peak year of 2005 (1,283,000 units). New houses are important for the forest products industry, as these homes use softwoods, wood composites in the framing structure and subfloor, and hardwoods for flooring, cabinets, and mouldings. In January 2013, 458,000 (SAAR) new house sales were reported, and in March and estimated 443,000 new houses (SAAR) were sold—about an 18 percent increase from 2012 (Table 4, Figure 4).

Existing home sales also provide insight for the home improvement industry and by extension, the forest products industry. For the past few years, investors have purchased nearly 30 percent of existing homes (National Association of Realtors® 2013) primarily to become rental units. In January and March of 2013, existing home sales were projected at 4.94 million units for the year (SAAR) (Table 4, Figure 4).

Table 4.—New and Existing house sales, by year and by month (2013)[a, b]

	New house sales	Existing house sales
2000	877	5,173
2001	908	5,333
2002	973	5,631
2003	1,086	6,176
2004	1,203	6,778
2005	1,283	7,076
2006	1,051	6,478
2007	776	5,040
2008	485	4,110
2009	375	4,340
2010	323	4,190
2011	306	4,260
2012	368	4,660
	2013[c]	
Jan	458	4,940
Feb	445	4,950
Mar	443	4,940

[a] In thousands, annual and monthly data.
[b] Data are for conventional housing and do not include mobile home shipments.
[c] Seasonally adjusted annual rate.
Data sources: Census Bureau 2013b and National Association of Realtors® 2013.

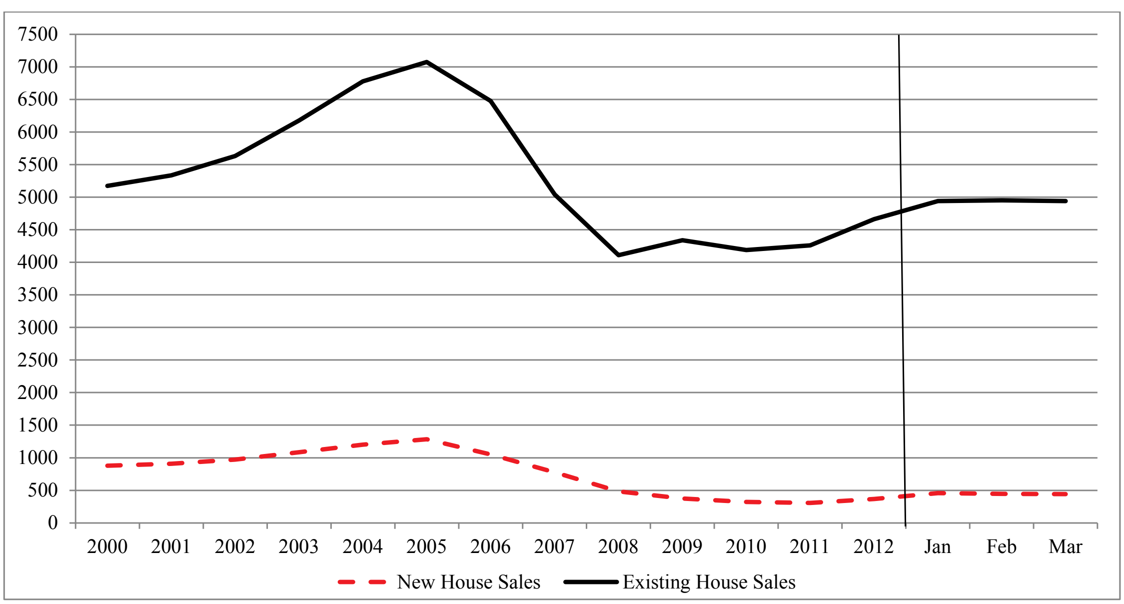

Figure 4.—New and existing house sales, 2000-2012, in thousands. Seasonally adjusted annual rate 2013 first quarter data. Data sources: Census Bureau 2013b, National Association of Realtors® 2013.

Residential Construction Spending

Private residential construction spending also is an important indicator for the overall health of the housing market. In 2013's first quarter, $153.7 million was estimated to be spent for new single-family housing in January and rose to $163.9 million in March. For multifamily housing, an estimated $28.3 million was spent in January and increased to an estimated $29.5 million in March. For improvements or remodeling, $132.0 million was projected for January and $125.2 million in March. It should be noted that the Census Bureau does not report remodeling expenditures directly; these expenditures are estimated and derived from the improvement spending data (Table 5, Figure 5).

Table 5.—Construction spending for total private residential spending, single-family, multifamily, and improvements by year and by month (2013)[a, b]

	Private residential spending	SF spending	MF spending	Improvement spending
2000	346,138	236,788	28,259	81,091
2001	364,414	249,086	30,305	85,023
2002	396,696	265,889	32,952	97,855
2003	446,035	310,575	35,116	100,344
2004	532,900	377,557	39,944	115,399
2005	611,899	433,510	47,297	131,092
2006	613,731	415,997	52,803	144,931
2007	493,246	305,184	48,959	139,103
2008	350,257	185,776	44,338	120,144
2009	245,912	105,336	28,538	112,038
2010	238,801	112,569	14,668	111,564
2011	238,106	106,946	14,669	116,941
2012	280,260	132,010	22,200	126,010
		2013[c]		
Jan	314,030	153,700	28,300	132,000
Feb	317,400	161,300	28,800	127,240
Mar	318,730	163,990	29,500	125,200

[a] In thousands of dollars, annual and monthly data.
[b] Data are for conventional housing and do not include mobile home shipments.
[c] Seasonally adjusted annual rate.
Data source: Census Bureau 2013c.

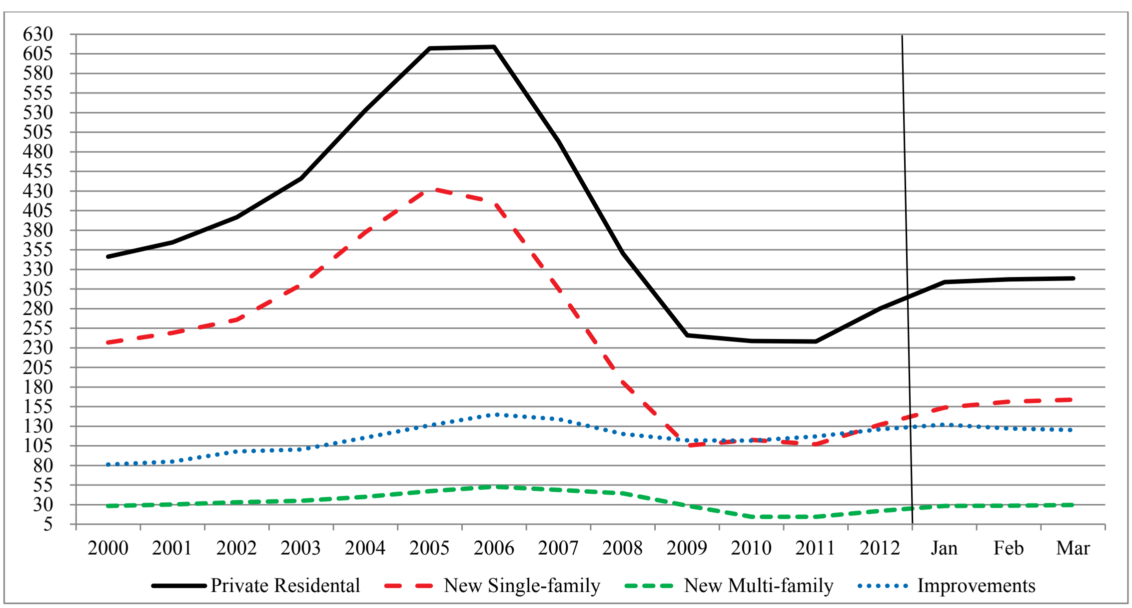

Figure 5.—Construction spending, in thousands of dollars, for total private residential, single-family, multifamily, and improvement spending, 2000-2012. Seasonally adjusted annual rate for 2013 first quarter data. Data sources: Census Bureau 2013c, 2013d.

Housing as a Component of GDP

Housing is a critical component of the U.S. gross domestic product (GDP) and the overall economy. Housing contributions to GDP are valued in two discrete measures: 1) private residential investment and 2) consumption spending of housing services. Residential investment includes construction of new single-family and multifamily structures, residential remodeling, manufactured home production, and brokers' fees. Consumption spending on housing services includes gross rents (including utilities) paid by renters and owners' imputed rent. Historically, residential investment has averaged about 5 percent of GDP, while housing services have averaged between 12 and 13 percent, for a combined 17 to 18 percent of the GDP. These proportions tend to fluctuate during business cycles. Unfortunately, for the U.S. economy and the forest product industry, housing's overall share of U.S. GDP continues to muddle along. In the first quarter of 2013, housing was estimated to be 15.6 percent of the U.S. GDP (residential fixed investment = 3 percent; housing services = 12.6 percent) (Figure 6) (National Association of Homebuilders 2014).

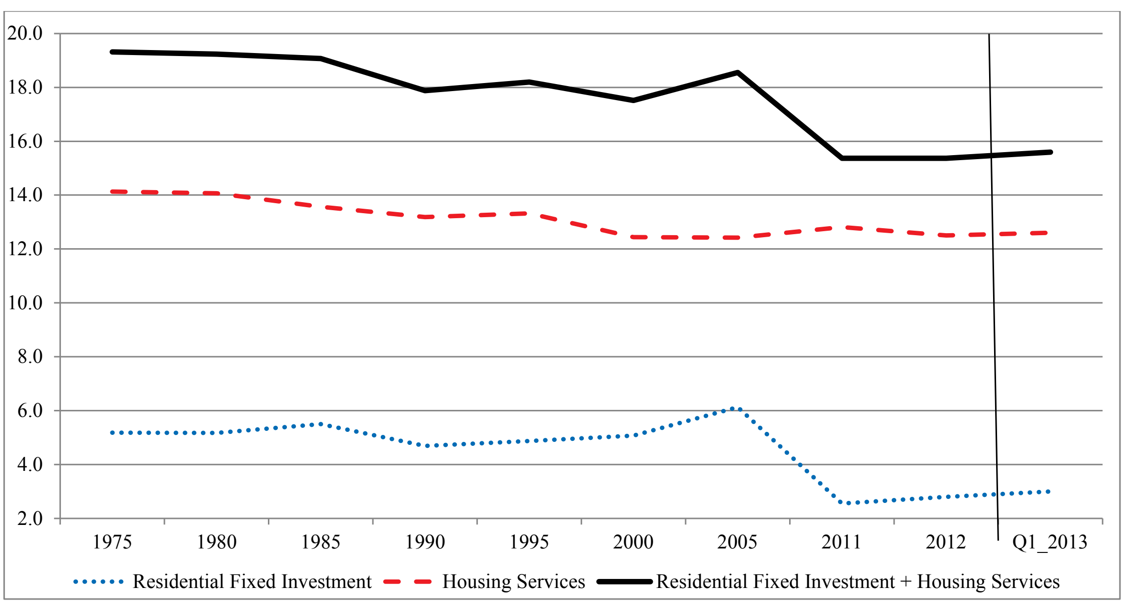

Figure 6.—Contribution of housing markets to gross domestic product, in percent of total GDP, 1976-2012, seasonally adjusted annual rate 2013 first quarter data. Data sources: Bureau of Economic Analysis 2013, National Association of Homebuilders 2013.

SUMMARY

The U.S. housing market continued its long awaited improvement in the first quarter of 2013 and many analysts project modest improvement throughout 2013 and beyond. There are still several obstacles for a return to a robust housing industry. These include a sluggish economy, stricter lending standards, and declining real incomes. If these headwinds can be overcome, we should expect more improvement in the U.S. housing market.

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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 of the units in the buildings are counted as completed when 50 percent 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. Note that 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, regardless of whether permits are required.

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, semidetached (semi-attached, side-by-side), row houses, and townhouses.

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Provides current and historical information on housing market in the United States. Information includes trends for housing permits and starts, housing under construction, and housing completions for single and multifamily units, and sales and construction. This report will be updated regularly.

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