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United States Housing Brief, May 2019

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Abstract

May 2019 U.S. housing data were largely negative, with only total housing permits, single-family permits, multifamily under construction, and existing sales positive on a month-over-month basis. The year-over-year data were similar, with only total under construction, single-family under construction, and single-family completions being positive.

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. The aggregate U.S. housing construction markets were decidedly bleak in May, on both monthly and year-over-year bases.

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".

May 2019 Housing Scorecard

Category[a]	**Month-over-month change**	**Year-over-year change**
Housing starts (total)	▼ 0.9%	▼ 4.7%
Single-family	▼ 6.4%	▼ 12.5%
Multifamily	▲ 10.9%	▼ 13.7%
Housing permits (total)	▲ 0.3%	▼ 0.5%
Single-family	▲ 3.7%	▼ 3.3%
Multifamily	▼ 5.0%	▲ 4.6%
Housing under construction (total)	NC[b]	▲ 0.3%
Single-family	▼ 1.1%	▲ 0.6%
Multifamily	▲ 1.0%	NC
Housing completions (total)	▼ 9.5%	▼ 2.8%
Single-family	▼ 5.0%	▲ 1.6%
Multifamily	▼ 19.9%	▼ 13.2%
New single-family house sales	▼ 7.8%	▼ 3.7%
Private residential construction spending	▼ 0.6%	▼ 11.2%
Single-family construction spending	▼ 0.8%	▼ 7.6%
Existing house sales[c]	▲ 2.5%	▼ 1.1%

[a] Data from U.S. Census Bureau–Construction.
[b] No change.
[c] Data from Federal Reserve Bank of St. Louis. (FRED).

Starts

Total starts in May 2019 were at a seasonally adjusted annual rate (SAAR) of 1,269,000. This was 0.9% less than April 2019 and 4.7% less than May 2018. Single-family (SF) starts were 820,000, which was 6.4% less than April 2019. Multifamily (MF) starts of two to four units were 13,000 and five units or more were 436,000 (Census Bureau 2019a). May 2019 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 704,000, of which 469,000 were SF and 235,000 were MF. The West followed with total starts of 332,000, of which 189,000 were SF and 143,000 were MF. Total Midwest starts were 160,000, of which 113,000 were SF and 47,000 were MF. The Northeast recorded total starts of 73,000, of which 49,000 were SF and 24,000 were MF (Census Bureau 2019a). Table 1 provides housing start data for each start category for May 2019.

Table 1—National and regional U.S. housing starts for May 2019 in comparison to April 2019 and May 2018

	Total starts[a]	Single-family	Multi-family (2–4 units)[b]	Multi-family (≥5 units)
May-19	1,269,000	820,000	13,000	436,000
Apr-19	1,281,000	876,000	22,000	383,000
May-18	1,332,000	937,000	12,000	383,000
Month-over-month change	–0.9%	–6.4%	–40.9%	13.8%
Year-over-year change	–4.7%	–12.5%	8.3%	13.8%

	Northeast	Midwest	South	West
May-19	73,000	160,000	704,000	332,000
Apr-19	134,000	174,000	633,000	340,000
May-18	108,000	239,000	651,000	334,000
Month-over-month change	–45.5%	–8.0%	11.2%	–2.4%
Year-over-year change	–32.4%	–33.1%	8.1%	–0.6%

[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 May 2019 were at a SAAR of 1,294,000. This was 0.3% greater than April 2019 and 0.5% less than May 2018. SF permits were 815,000, which was 3.7% greater than April 2019. MF permits of two to four units were 37,000 and five units or more were 442,000 (Census Bureau 2019a). Historically, MF permits can be extremely variable, M/M and Y/Y.

Regionally, the South remained the strongest market, where total permits issued were 693,000, of which 463,000 were SF and 230,000 were MF. The West followed with total permits of 335,000, of which 191,000 were SF and 144,000 were MF. Midwest total permits were 174,000, of which 113,000 were SF and 61,000 were MF. In the Northeast, total permits were 92,000, of which 48,000 were SF and 44,000 were MF (Census Bureau 2019a). Table 2 provides permit data for each permit category for May 2019.

Table 2—National and regional U.S. housing permits for May 2019 in comparison to April 2019 and May 2018

	Total permits[a]	Single-family	Multi-family (2–4 units)[b]	Multi-family (≥5 units)
May-19	1,294,000	815,000	37,000	442,000
Apr-19	1,290,000	786,000	45,000	459,000
May-18	1,301,000	843,000	34,000	424,000
Month-over-month change	0.3%	3.7%	–17.8%	–3.7%
Year-over-year change	–0.5%	–3.3%	8.8%	4.2%

	Northeast	Midwest	South	West
May-19	92,000	174,000	693,000	335,000
Apr-19	122,000	190,000	649,000	329,000
May-18	134,000	209,000	625,000	333,000
Month-over-month change	–24.6%	–8.4%	6.8%	1.8%
Year-over-year change	–31.3%	–16.7%	10.9%	0.6%

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

Housing under Construction

Total housing under construction (HUC) issued in May 2019 was at a SAAR of 1,131,000. This was no change from April 2019 and 0.3% greater than May 2018. SF HUC was 523,000, which was 1.1% less than April 2019. MF HUC of two to four units was 11,000 and five units or more was 597,000 (Census Bureau 2019a).

Regionally, the South remained the strongest market, where total HUC was 487,000, of which 249,000 were SF and 238,000 were MF. The West followed with a total HUC of 319,000 units, of which 133,000 were SF and 186,000 were MF. The Northeast total HUC was 184,000, of which 65,000 were SF and 119,000 were MF. Midwest total HUC was 141,000, of which 76,000 were SF and 65,000 were MF (Census Bureau 2019a). Table 3 provides HUC data for May 2019.

Table 3—National and regional U.S. housing under construction for May 2019 in comparison to April 2019 and May 2018

	Total HUC[a]	Single-family	Multi-family (2–4 units)[b]	Multi-family (≥5 units)
May-19	1,131,000	523,000	11,000	597,000
Apr-19	1,131,000	529,000	11,000	591,000
May-18	1,128,000	520,000	7,400	600,600
Month-over-month change	0.0%	–1.1%	0.0%	1.0%
Year-over-year change	0.3%	0.6%	48.6%	–0.6%

	Northeast	Midwest	South	West
May-19	184,000	141,000	487,000	319,000
Apr-19	188,000	146,000	476,000	321,000
May-18	182,000	157,000	453,000	336,000
Month-over - month change	–2.1%	–3.4%	2.3%	–0.6%
Year-over-year change	1.1%	–10.2%	7.5%	–5.1%

[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 May 2019 were at a SAAR of 1,213,000. This was 9.5% less than April 2019 and 2.8% less than May 2018. SF completions were 890,000, which is 5.0% less than April 2019. MF completions of two to four units were 4,000 and five units or more were 319,000 (Census Bureau 2019a).

The South remained the strongest market, where total completions were 597,000, of which 488,000 were SF and 109,000 were MF. The West followed with total completions of 329,000 units, of which 214,000 were SF and 104,000 were MF. Midwest total completions were 189,000, of which 108,000 were SF and 81,000 were MF. Total Northeast completions were 98,000, of which 73,000 were SF and 25,000 were MF (Census Bureau 2019a). Table 4 provides housing completion data for May 2019.

Table 4—National and regional U.S. housing completions for May 2019 in comparison to April 2019 and May 2018

	Total completions[a]	Single-family	Multi-family (2–4 units)[b]	Multi-family (≥5 units)
May-19	1,213,000	890,000	4,000	319,000
Apr-19	1,340,000	937,000	13,000	390,000
May-18	1,248,000	876,000	12,000	360,000
Month-over-month change	–9.5%	–5.0%	–69.2%	–18.2%
Year-over-year change	–2.8%	1.6%	–66.7%	–11.4%

	Northeast	Midwest	South	West
May-19	98,000	189,000	597,000	329,000
Apr-19	124,000	189,000	669,000	358,000
May-18	92,000	170,000	668,000	318,000
Month-over - month change	–21.0%	0.0%	–10.8%	–8.1%
Year-over-year change	6.5%	11.2%	–10.6%	3.5%

[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 May 2019 were estimated at a SAAR of 626,000 units. This was a decrease of 7.8% from April 2019 and 3.7% less than May 2018. Regionally, the South remained the strongest market, with total new SF house sales of 389,000, followed by the West with 125,000. The Midwest recorded 84,000 sales, and the Northeast had 28,000.

The median sales price of new houses sold in May 2019 was $308,000, and the mean sales price was $377,200 (Census Bureau 2019b). Table 5 provides new SF sales data for May 2019.

Table 5—National and regional new U.S. housing sales for May 2019 in comparison to April 2019 and May 2018

	New SF sales[a]	Median price	Mean price	Month's supply
May-19	626,000	$308,000	$377,200	6.4
Apr-19	679,000	$335,100	$386,500	5.9
May-18	650,000	$316,700	$372,600	5.6
Month-over-month change	–7.8%	–8.1%	–2.4%	8.5%
Year-over-year change	–3.7%	–2.7%	1.2%	14.3%

	Northeast	Midwest	South	West
May-19	28,000	84,000	389,000	125,000
Apr-19	34,000	79,000	371,000	195,000
May-18	33,000	82,000	384,000	151,000
Month-over - month change	–17.6%	6.3%	4.9%	–35.9%
Year-over-year change	–15.2%	2.4%	1.3%	–17.2%

[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 May's expenditure data bear this out. Total private residential construction spending for May 2019 was $498,946 million, a 0.6% decrease from April 2019 and an 11.2% decrease from May 2018. SF construction spending was $267,038 million, and MF construction spending was $66,332 million. Improvement, or remodeling, spending was $165,576 million (Census Bureau 2019c). Table 6 provides data for each construction spending category for May 2019.

Table 6—National U.S. housing construction spending for May 2019 in comparison to April 2019 and May 2018

	Total private residential construction spending[a, b]	Single-family	Multi-family	Improvement[c]
May-19	$498,946	$267,038	$66,332	$165,576
Apr-19	$501,748	$269,089	$65,123	$167,536
May-18	$561,940	$288,944	$60,682	$212,314
Month-over-month change	–0.6%	–0.8%	1.9%	–1.2%
Year-over-year change	–11.2%	–7.6%	9.3%	–22.0%

[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 May 2019 were at a SAAR of 5,340,000 units. This is a 2.5% increase from April 2019 and a 1.1% decline from May 2018. Regionally, the South remained the strongest market, with total existing house sales of 2,320,000 units, followed by the Midwest at 1,220,000 units. The West had total existing sales of 1,130,000 units, and the Northeast had 670,000 units (FRED 2019). Table 7 provides existing house sales data for May 2019.

Table 7—National and regional U.S. existing housing sales for May 2019 in comparison to April 2019 and May 2018

	Existing sales[a]	Median price	Mean price	Month's supply
May-19	5,340,000	$277,700	$314,000	4.3
Apr-19	5,210,000	$266,900	$305,000	4.2
May-18	5,400,000	$267,800	$303,700	4.2
Month-over-month change	2.5%	4.0%	3.0%	2.4%
Year-over-year change	–1.1%	3.7%	3.4%	2.4%

	Northeast	Midwest	South	West
May-19	670,000	1,220,000	2,320,000	1,130,000
Apr-19	640,000	1,180,000	2,280,000	1,110,000
May-18	670,000	1,270,000	2,290,000	1,170,000
Month-over - month change	4.7%	3.4%	1.8%	1.8%
Year-over-year change	0.0%	–3.9%	1.3%	–3.4%

[a] 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 May 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.

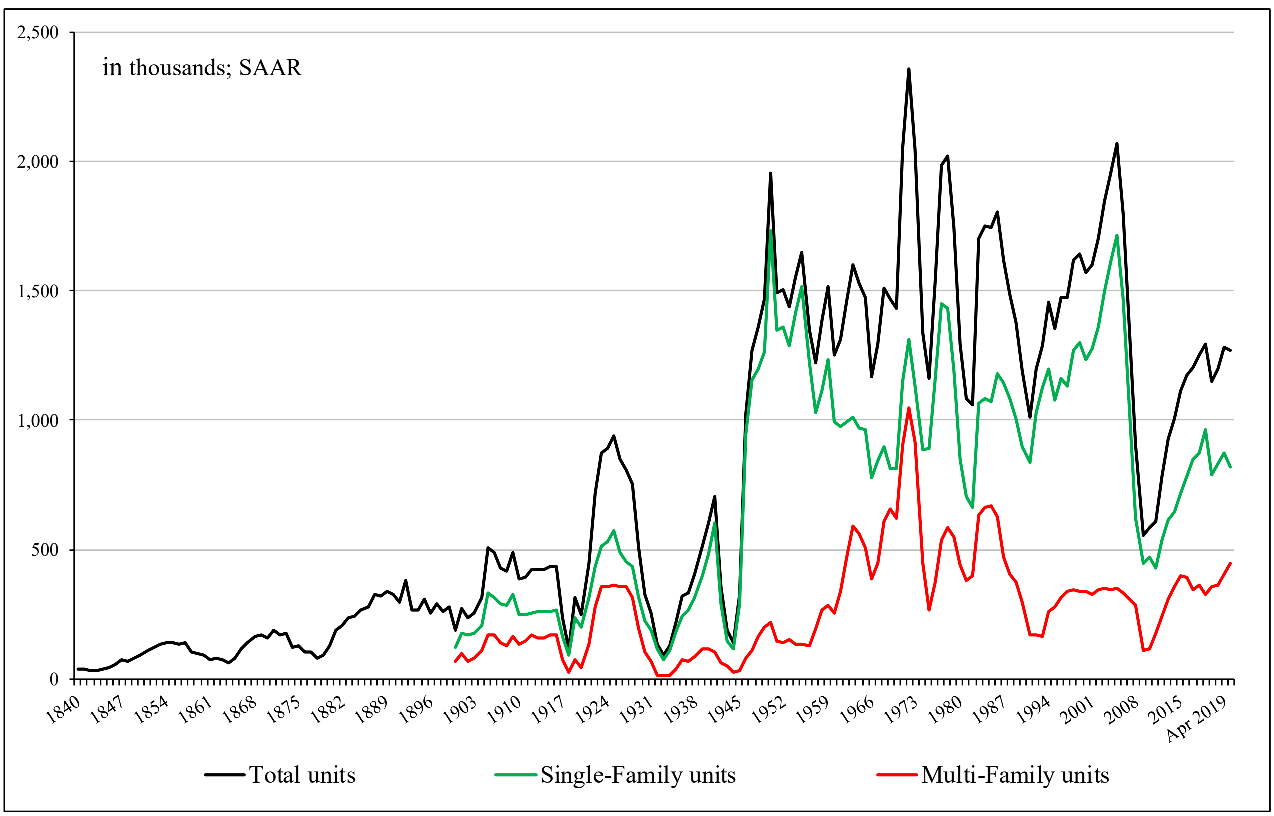

Figure 1. U.S. housing units and starts: 1840 to May 2019. Sources: Carliner (2010), Gottlieb (1964), and Census Bureau (2019a).