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United States Housing Brief, August 2019

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Abstract

August 2019 U.S. housing data indicated improvement in most categories; yet most indicators remain well less than their respective historical averages. Single-family starts, permits, and completions were all positive month-over-month. Total housing starts, permits, under construction, and completions were positive year-over-year. New single-family sales recorded impressive month-over-month and year-over-year gains. Notably, total private residential and single-family construction spending continued year-over-year declines.

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, August 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 decidedly improved in August, 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".

August 2019 Housing Scorecard

Category[a]	Month-over-month change	Year-over-year change
Housing starts (total)	▲ 12.3%	▲ 6.6%
Single-family	▲ 4.4%	▲ 3.4%
Multifamily	▲ 27.2%	▲ 12.2%
Housing permits (total)	▲ 7.7%	▲ 12.0%
Single-family	▲ 4.5%	▲ 4.5%
Multifamily	▲ 13.3%	▲ 26.3%
Housing under construction (total)	▲ 0.3%	▲ 1.6%
Single-family	▼ 0.4%	▼ 0.6%
Multifamily	▲ 0.8%	▲ 3.5%
Housing completions (total)	▲ 2.4%	▲ 5.0%
Single-family	▲ 3.7%	▲ 0.6%
Multifamily	▼ 1.1%	▲ 19.1%
New single-family house sales	▲ 7.1%	▲ 18.0%
Private residential construction spending	▲ 0.9%	▼ 5.0%
Single-family construction spending	▲ 1.4%	▼ 6.6%
Existing house sales[b]	▲ 1.3%	▲ 2.6%

[a] Data from U.S. Census Bureau–Construction.
[b] Data from Federal Reserve Bank of St. Louis. (FRED).

Starts

Total starts in August 2019 were at a seasonally adjusted annual rate (SAAR) of 1,364,000. This was 12.3% greater than July 2019 and 6.6% greater than August 2018. Single-family (SF) starts were 919,000, which was 4.4% greater than July 2019. Multifamily (MF) starts of two to four units were 21,000 and five units or more were 424,000 (Census Bureau 2019a). August 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 711,000, of which 484,000 were SF and 227,000 were MF. The West followed with total starts of 319,000, of which 239,000 were SF and 80,000 were MF. Total Midwest starts were 210,000, of which 137,000 were SF and 73,000 were MF. The Northeast recorded total starts of 124,000, of which 59,000 were SF and 65,000 were MF (Census Bureau 2019a). Table 1 provides housing start data for each start category for August 2019.

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

	Total starts[a]	Single-family	Multi-family (2–4 units)[b]	Multi-family (≥5 units)
Aug-19	1,364,000	919,000	21,000	424,000
July-19	1,215,000	880,000	11,000	324,000
Aug-18	1,279,000	889,000	17,000	373,000
Month-over-month change	12.3%	4.4%	90.9%	30.9%
Year-over-year change	6.6%	3.4%	23.5%	13.7%

	Northeast	Midwest	South	West
Aug-19	124,000	210,000	711,000	319,000
July-19	95,000	182,000	619,000	319,000
Aug-18	99,000	187,000	658,000	335,000
Month-over - month change	30.5%	15.4%	14.9%	0.0%
Year-over-year change	25.3%	12.3%	8.1%	–4.8%

[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 August 2019 were at a SAAR of 1,419,000. This was 7.7% greater than July 2019 and 12.0% greater than August 2018. SF permits were 866,000, which was 4.5% greater than July 2019. MF permits of two to four units were 44,000 and five units or more were 509,000 (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 748,000, of which 495,000 were SF and 253,000 were MF. The West followed with total permits of 331,000, of which 207,000 were SF and 124,000 were MF. Midwest total permits were 189,000, of which 110,000 were SF and 79,000 were MF. In the Northeast, total permits were 151,000, of which 54,000 were SF and 97,000 were MF (Census Bureau 2019a). Table 2 provides permit data for each permit category for August 2019.

Table 2─National and regional U.S. housing permits for August 2019 in comparison to July 2019 and August 2018

	Total permits[a]	Single-family	Multi-family (2–4 units)[b]	Multi-family (≥5 units)
Aug-19	1,419,000	866,000	44,000	509,000
July-19	1,317,000	829,000	45,000	443,000
Aug-18	1,267,000	829,000	38,000	400,000
Month-over - month change	7.7%	4.5%	–2.2%	14.9%
Year-over-year change	12.0%	4.5%	15.8%	27.3%

	Northeast	Midwest	South	West
Aug-19	151,000	189,000	748,000	331,000
July-19	119,000	165,000	674,000	359,000
Aug-18	110,000	192,000	654,000	311,000
Month-over-month change	26.9%	14.5%	11.0%	–7.8%
Year-over - year change	37.3%	–1.6%	14.4%	6.4%

[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 August 2019 was at a SAAR of 1,144,000. This was 0.3% greater than July 2019 and 1.6% greater than August 2018. SF HUC was 517,000, which was 0.4% less than July 2019. MF HUC of two to four units was 10,000 and five units or more was 617,000 (Census Bureau 2019a).

Regionally, the South remains the strongest market, where total HUC was 496,000, of which 245,000 were SF and 251,000 were MF. The West followed with a total HUC of 327,000 units, of which 138,000 were SF and 189,000 were MF. The Northeast total HUC was 177,000, of which 59,000 were SF and 118,000 were MF. Midwest total HUC was 144,000, of which 75,000 were SF and 69,000 were MF (Census Bureau 2019a). Table 3 provides HUC data for August 2019.

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

	Total HUC[a]	Single-family	Multi-family (2–4 units)[b]	Multi-family (≥5 units)
Aug-19	1,144,000	517,000	10,000	617,000
July-19	1,141,000	519,000	10,000	612,000
Aug-18	1,126,000	520,000	13,000	593,000
Month-over-month change	0.3%	–0.4%	0.0%	0.8%
Year-over-year change	1.6%	–0.6%	–23.1%	4.0%

	Northeast	Midwest	South	West
Aug-19	177,000	144,000	496,000	327,000
July-19	179,000	146,000	487,000	329,000
Aug-18	189,000	153,000	451,000	333,000
Month-over - month change	–1.1%	–1.4%	1.8%	–0.6%
Year-over-year change	–6.3%	–5.9%	10.0%	–1.8%

[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 August 2019 were at a SAAR of 1,294,000. This was 2.4% greater than July 2019 and 5.0% greater than August 2018. SF completions were 945,000, which is 3.7% greater than July 2019. MF completions of two to four units were 11,000 and five units or more were 338,000 (Census Bureau 2019a).

The South remains the strongest market, where total completions were 626,000, of which 520,000 were SF and 106,000 were MF. The West followed with total completions of 324,000 units, of which 220,000 were SF and 104,000 were MF. Midwest total completions were 198,000, of which 130,000 were SF and 68,000 were MF. Total Northeast completions were 146,000, of which 75,000 were SF and 71,000 were MF (Census Bureau 2019a). Table 4 provides housing completion data for August 2019.

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

	Total completions[a]	Single-family	Multi-family (2–4 units)[b]	Multi-family (≥5 units)
Aug-19	1,294,000	945,000	11,000	338,000
July-19	1,264,000	911,000	12,000	341,000
Aug-18	1,232,000	939,000	5,000	288,000
Month-over-month change	2.4%	3.7%	–8.3%	–0.9%
Year-over-year change	5.0%	0.6%	120.0%	17.4%

	Northeast	Midwest	South	West
Aug-19	146,000	198,000	626,000	324,000
July-19	105,000	202,000	665,000	292,000
Aug-18	90,000	205,000	651,000	286,000
Month-over - month change	39.0%	–2.0%	–5.9%	11.0%
Year-over-year change	62.2%	–3.4%	–3.8%	13.3%

[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 August 2019 were estimated at a SAAR of 713,000 units. This was an increase of 7.1% from July 2019 and 18.0% greater than August 2018. Regionally, the South remains the strongest market with total new SF house sales of 426,000, followed by the West with 191,000. The Midwest recorded 64,000 sales, and the Northeast had 32,000.

The median sales price of new houses sold in August 2019 was $328,400, and the mean sales price was $404,200 (Census Bureau 2019b). Table 5 provides new SF sales data for August 2019.

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

	New SF sales[a]	Median price	Mean price	Month's supply
Aug-19	713,000	$328,400	$404,200	5.5
July-19	666,000	$305,400	$372,700	5.9
Aug-18	604,000	$321,400	$380,900	6.3
Month-over-month change	7.1%	7.5%	8.5%	–6.8%
Year-over-year change	18.0%	2.2%	6.1%	–12.7%

	Northeast	Midwest	South	West
Aug-19	32,000	64,000	426,000	191,000
July-19	34,000	66,000	402,000	164,000
Aug-18	32,000	69,000	341,000	162,000
Month-over - month change	–5.9%	–3.0%	6.0%	16.5%
Year-over-year change	0.0%	–7.2%	24.9%	17.9%

[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 August's expenditure data bear this out. Total private residential construction spending for August 2019 was $507,151 million, a 0.9% increase from July 2019 and a 5.0% decline from August 2018. SF construction spending was $271,928 million and MF construction spending was $62,028 million. Improvement, or remodeling, spending was $173,195 million (Census Bureau 2019c). Table 6 provides data for each construction spending category for August 2019.

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

	Total private residential construction spending[a, b]	Single-family	Multi-family	Improvement[c]
Aug-19	$507,151	$271,928	$62,028	$173,195
July-19	$502,522	$268,177	$62,574	$171,771
Aug-18	$533,844	$291,022	$57,757	$185,065
Month-over-month change	0.9%	1.4%	–0.9%	0.8%
Year-over-year change	–5.0%	–6.6%	7.4%	–6.4%

[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 August 2019 were at a SAAR of 5,490,000 units. This is a 1.3% increase from July 2019 and 2.6% greater than August 2018. Regionally, the South remains the strongest market, with total existing house sales of 2,330,000 units, followed by the Midwest at 1,310,000 units. The West had total existing sales of 1,140,000 units, and the Northeast had 710,000 units (FRED 2019). Table 7 provides existing house sales data for August 2019.

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

	Existing sales[a]	Median price	Mean price	Month's supply
Aug-19	5,490,000	$278,200	$314,600	4.1
July-19	5,420,000	$280,800	$316,800	4.2
Aug-18	5,350,000	$265,600	$304,000	4.3
Month-over-month change	1.3%	–0.9%	–0.7%	–2.4%
Year-over-year change	2.6%	4.7%	3.5%	–4.7%
	Northeast	Midwest	South	West
Aug-19	710,000	1,310,000	2,330,000	1,140,000
July-19	660,000	1,270,000	2,310,000	1,180,000
Aug-18	700,000	1,280,000	2,250,000	1,120,000
Month-over - month change	7.6%	3.1%	0.9%	–3.4%
Year-over-year change	1.4%	2.3%	3.6%	1.8%

[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 August 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.

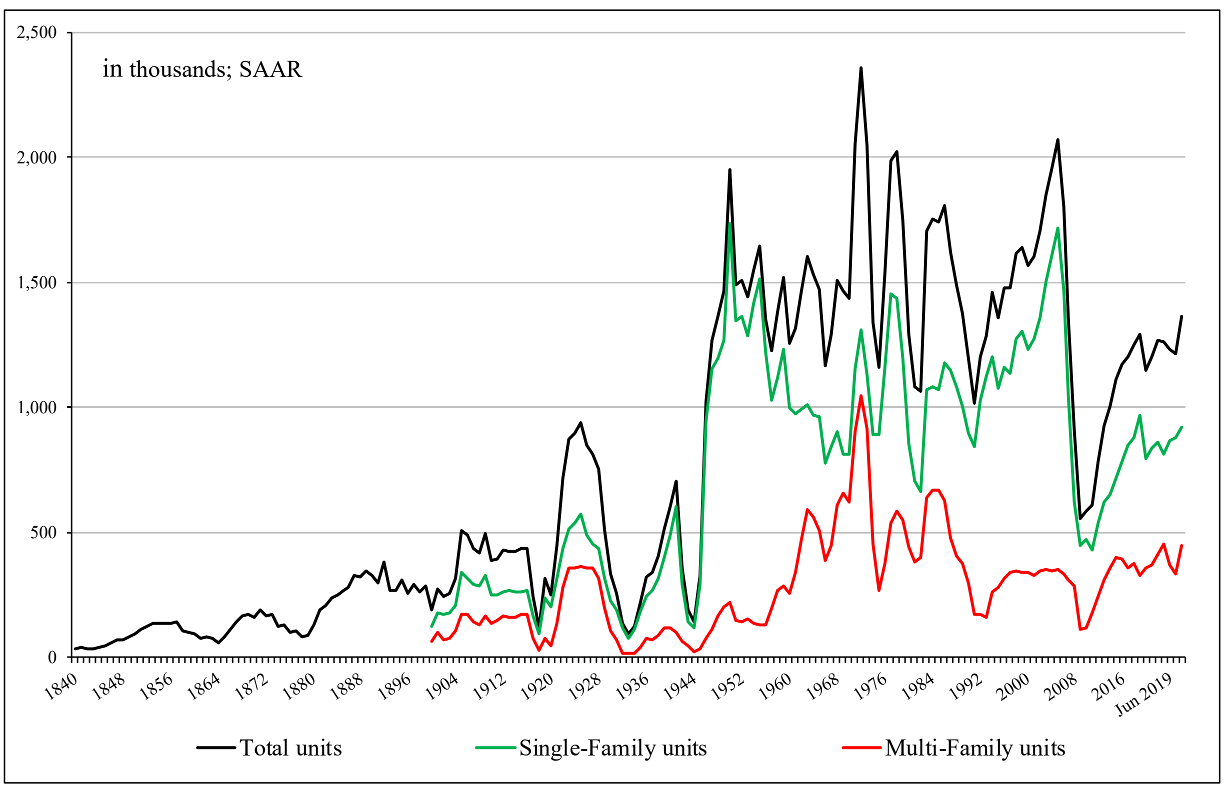

Figure 1. U.S. housing units and starts: 1840 to August 2019. Sources: Carliner (2010), Gottlieb (1964), and Census Bureau (2019a).