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United States Housing Brief, October 2019

Delton Alderman

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Abstract

In October, the vast majority of the United States housing construction and sales markets were positive on both month-over-month and year-over-year bases. The exceptions were the yearly single-family under construction and total spending data categories. New single-family house sales and private residential construction spending recorded monthly declines.

Keywords: housing permits, starts, under construction, completions, construction spending, new sales, existing sales, regional housing data, economic indicators

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Delton Alderman, Research Forest Products Technologist
USDA Forest Service, Forest Products Laboratory, Madison, Wisconsin, and
Northern Research Station, Princeton, West Virginia

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 October, 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".

October 2019 Housing Scorecard

Category[a]	Month-over-month change	Year-over-year change
Housing starts (total)	▲ 3.8%	▲ 8.5%
Single-family	▲ 2.0%	▲ 8.2%
Multifamily	▲ 8.6%	▲ 9.2%
Housing permits (total)	▲ 5.0%	▲ 14.1%
Single-family	▲ 3.2%	▲ 7.4%
Multifamily	▲ 8.2%	▲ 26.9%
Housing under construction (total)	▲ 0.1%	▲ 2.1%
Single-family	▲ 0.6%	▼ 0.2%
Multifamily	▼ 0.3%	▲ 4.1%
Housing completions (total)	▲ 10.3%	▲ 12.4%
Single-family	▲ 4.5%	▲ 8.6%
Multifamily	▲ 27.8%	▲ 23.4%
New single-family house sales	▼ 0.7%	▲ 31.6%
Private residential construction spending	▼ 0.9%	▲ 0.5%
Single-family construction spending	▲ 1.6%	▼ 3.1%
Existing house sales[b]	▲ 1.9%	▲ 4.6%

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

Starts

Total starts in October 2019 were at a seasonally adjusted annual rate (SAAR) of 1,314,000. This was 3.8% greater than September 2019 and 8.5% greater than October 2018. Single-family (SF) starts were 936,000, which was 2.0% more than September 2019. Multifamily (MF) starts of two to four units were 16,000 and five units or more were 362,000 (Census Bureau 2019a). October 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 689,000, of which 541,000 were SF and 148,000 were MF. The West followed with total starts of 361,000, of which 234,000 were SF and 127,000 were MF. Total Midwest starts were 175,000, of which 120,000 were SF and 55,000 were MF. The Northeast recorded total starts of 89,000, of which 41,000 were SF and 48,000 were MF (Census Bureau 2019a). Table 1 provides housing start data for each start category for October 2019.

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

	Total starts[a]	Single-family	Multi-family (2–4 units)[b]	Multi-family (≥5 units)
Oct-19	1,314,000	936,000	16,000	362,000
Sep-19	1,266,000	918,000	9,000	339,000
Oct-18	1,211,000	865,000	19,000	327,000
Month-over-month change	3.8%	2.0%	77.8%	6.8%
Year-over-year change	8.5%	8.2%	–15.8%	10.7%

	Northeast	Midwest	South	West
Oct-19	89,000	175,000	689,000	361,000
Sep-19	114,000	161,000	684,000	307,000
Oct-18	90,000	187,000	596,000	338,000
Month-over - month change	–21.9%	8.7%	0.7%	17.6%
Year-over-year change	–1.1%	–6.4%	15.6%	6.8%

[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 October 2019 were at a SAAR of 1,461,000. This was 5.0% greater than September 2019 and 14.1% greater than October 2018. SF permits were 909,000, which was 3.2% more than September 2019. MF permits of two to four units were 47,000 and five units or more were 505,000 (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 776,000, of which 521,000 were SF and 255,000 were MF. The West followed with total permits of 368,000, of which 220,000 were SF and 148,000 were MF. Midwest total permits were 176,000, of which 119,000 were SF and 57,000 were MF. In the Northeast, total permits were 141,000, of which 49,000 were SF and 92,000 were MF (Census Bureau 2019a). Table 2 provides permit data for each permit category for October 2019.

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

	Total permits[a]	Single-family	Multi-family (2–4 units)[b]	Multi-family (≥5 units)
Oct-19	1,461,000	909,000	47,000	505,000
Sep-19	1,391,000	881,000	34,000	476,000
Oct-18	1,281,000	846,000	39,000	396,000
Month-over - month change	5.0%	3.2%	38.2%	6.1%
Year-over-year change	14.1%	7.4%	20.5%	27.5%

	Northeast	Midwest	South	West
Oct-19	141,000	176,000	776,000	368,000
Sep-19	118,000	173,000	735,000	365,000
Oct-18	129,000	187,000	644,000	321,000
Month-over-month change	19.5%	1.7%	5.6%	0.8%
Year-over - year change	9.3%	–5.9%	20.5%	14.6%

[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 October 2019 was at a SAAR of 1,161,000. This was 0.1% greater than September 2019 and 2.1% greater than October 2018. SF HUC was 527,000, which was 0.6% more than September 2019. MF HUC of two to four units were 11,000 and five units or more were 623,000 (Census Bureau 2019a).

Regionally, the South remains the strongest market, where total HUC was 503,000, of which 253,000 were SF and 250,000 were MF. The West followed with a total HUC of 333,000 units, of which 140,000 were SF and 193,000 were MF. The Northeast total HUC was 178,000, of which 57,000 were SF and 121,000 were MF. Midwest total HUC was 147,000, of which 77,000 were SF and 70,000 were MF (Census Bureau 2019a). Table 3 provides HUC data for October 2019.

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

	Total HUC[a]	Single-family	Multi-family (2–4 units)[b]	Multi-family (≥5 units)
Oct-19	1,161,000	527,000	11,000	623,000
Sep-19	1,160,000	524,000	11,000	625,000
Oct-18	1,137,000	528,000	13,000	596,000
Month-over-month change	0.1%	0.6%	0.0%	–0.3%
Year-over-year change	2.1%	–0.2%	–15.4%	4.5%

	Northeast	Midwest	South	West
Oct-19	178,000	147,000	503,000	333,000
Sep-19	179,000	147,000	503,000	331,000
Oct-18	187,000	152,000	458,000	340,000
Month-over - month change	–0.6%	0.0%	0.0%	0.6%
Year-over-year change	–4.8%	–3.3%	9.8%	–2.1%

[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 October 2019 were at a SAAR of 1,256,000. This was 10.3% greater than September 2019 and 12.4% greater than October 2018. SF completions were 897,000, which was 4.5% more than September 2019. MF completions of two to four units were 5,000 and five units or more were 354,000 (Census Bureau 2019a).

The South remains the strongest market, where total completions were 621,000, of which 499,000 were SF and 122,000 were MF. The West followed with total completions of 361,000 units, of which 230,000 were SF and 131,000 were MF. Midwest total completions were 153,000, of which 111,000 were SF and 42,000 were MF. Total Northeast completions were 121,000, of which 57,000 were SF and 64,000 were MF (Census Bureau 2019a). Table 4 provides housing completion data for October 2019.

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

	Total completions[a]	Single-family	Multi-family (2–4 units)[b]	Multi-family (≥5 units)
Oct-19	1,256,000	897,000	5,000	354,000
Sep-19	1,139,000	858,000	3,000	278,000
Oct-18	1,117,000	826,000	9,000	282,000
Month-over-month change	10.3%	4.5%	66.7%	27.3%
Year-over-year change	12.4%	8.6%	–44.4%	25.5%

	Northeast	Midwest	South	West
Oct-19	121,000	153,000	621,000	361,000
Sep-19	104,000	148,000	600,000	287,000
Oct-18	92,000	179,000	546,000	300,000
Month-over - month change	16.3%	3.4%	3.5%	25.8%
Year-over-year change	31.5%	–14.5%	13.7%	20.3%

[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 October 2019 were estimated at a SAAR of 733,000 units. This was a decrease of 0.7% from September 2019 and 31.6% more than October 2018. Regionally, the South remains the strongest market with total new SF house sales of 436,000, followed by the West with 195,000. The Midwest recorded 75,000 sales, and the Northeast had 27,000.

The median sales price of new houses sold in October 2019 was $316,700, and the mean sales price was $383,300 (Census Bureau 2019b). Table 5 provides new SF sales data for October 2019.

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

	New SF sales[a]	Median price	Mean price	Month's supply
Oct-19	733,000	$316,700	$383,300	5.3
Sep-19	738,000	$310,200	$366,900	5.2
Oct-18	557,000	$328,300	$394,900	7.2
Month-over-month change	–0.7%	2.1%	4.5%	1.9%
Year-over-year change	31.6%	–3.5%	–2.9%	–26.4%

	Northeast	Midwest	South	West
Oct-19	27,000	75,000	436,000	195,000
Sep-19	33,000	72,000	451,000	182,000
Oct-18	23,000	64,000	310,000	160,000
Month-over - month change	–18.2%	4.2%	–3.3%	7.1%
Year-over-year change	17.4%	17.2%	40.6%	21.9%

[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 October's expenditure data bear this out. Total private residential construction spending for October 2019 was $508,198 million, a 0.9% decrease from September 2019 and a 0.5% increase from October 2018. SF construction spending was $279,080 million, and MF construction spending was $59,466 million. Improvement, or remodeling, spending was $169,652 million (Census Bureau 2019c). Table 6 provides data for each construction spending category for October 2019.

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

	Total private residential construction spending[a, b]	Single-family	Multi-family	Improve-ment[c]
Oct-19	$508,198	$279,080	$59,466	$169,652
Sep-19	$512,634	$274,596	$60,403	$177,635
Oct-18	$505,566	$287,992	$60,768	$156,806
Month-over-month change	–0.9%	1.6%	–1.6%	–4.5%
Year-over-year change	0.5%	–3.1%	–2.1%	8.2%

[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 October 2019 were at a SAAR of 5,460,000 units. This is a 1.9% increase from September 2019 and 4.6% greater than October 2018. Regionally, the South remains the strongest market, with total existing house sales of 2,350,000 units, followed by the West at 1,130,000 units. The Midwest had total existing sales of 1,290,000 units, and the Northeast had 690,000 units (FRED 2019). Table 7 provides existing house sales data for October 2019.

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

	Existing sales[a]	Median price	Mean price	Month's supply
Oct-19	5,460,000	$270,900	$307,800	3.9
Sep-19	5,360,000	$271,500	$307,500	4.1
Oct-18	5,220,000	$255,100	$293,900	4.3
Month-over-month change	1.9%	–0.2%	0.1%	–4.9%
Year-over-year change	4.6%	6.2%	4.7%	–9.3%

	Northeast	Midwest	South	West
Oct-19	690,000	1,290,000	2,350,000	1,130,000
Sep-19	700,000	1,270,000	2,250,000	1,140,000
Oct-18	690,000	1,260,000	2,180,000	1,090,000
Month-over - month change	–1.4%	1.6%	4.4%	–0.9%
Year-over-year change	0.0%	2.4%	7.8%	3.7%

[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 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, 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 nonseasonal 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.

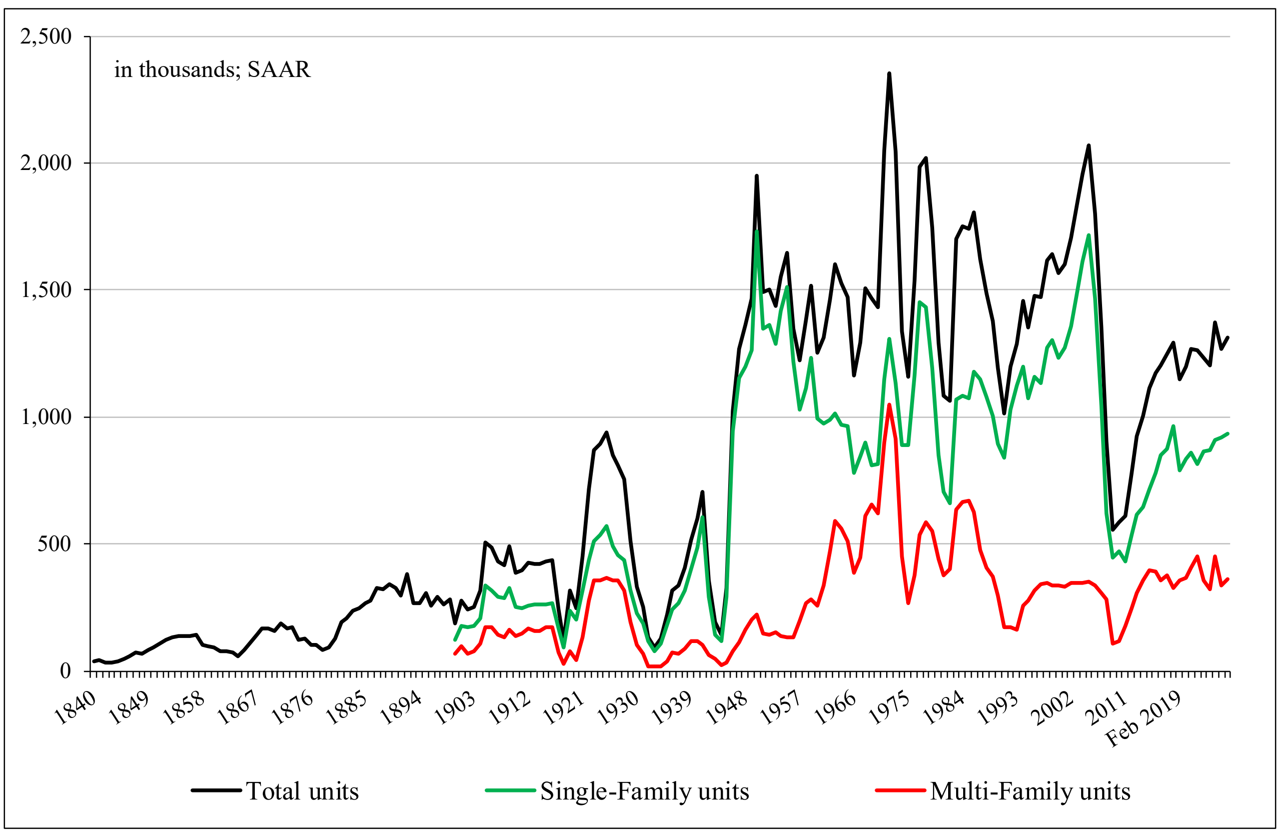

Figure 1. U.S. housing units and starts: 1840 to October 2019. Sources: Carliner (2010), Gottlieb (1964), and U.S. Department of Commerce–Construction (2019a).