United States Department of Agriculture

United States Housing Brief, January 2020

Delton Alderman

Forest Service

Forest Products Laboratory

Research Note FPL–RN–0378

April 2020

Abstract

In January, total housing permits increased to their highest level in 13 years on a seasonally adjusted annualized basis. In December and January, total housing starts recorded their best two months since mid-2006, indicating a substantial year-over-year increase. However, total and single-family starts declined on a month-over-month basis. Total, single- and multifamily completions, and existing sales also decreased monthly. Single-family housing units under construction and single-family completions were negative on a year-over-year basis.

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

Contents

April 2020

Alderman, Delton. 2020. United States Housing Brief, January 2020. Research Note FPL-RN-0378. Madison, WI: U.S. Department of Agriculture, Forest Service, Forest Products Laboratory. 6 p.

A limited number of free copies of this publication are available to the public from the Forest Products Laboratory, One Gifford Pinchot Drive, Madison, WI 53726-2398. This publication is also available online at www.fpl.fs.fed.us. Laboratory publications are sent to hundreds of libraries in the United States and elsewhere.

The Forest Products Laboratory is maintained in cooperation with the University of Wisconsin.

United States Housing Brief, January 2020

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 somewhat improved in January, 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".

**January 2020
Housing Scorecard**

Category[a]	Month-over-month change	Year-over-year change
Housing starts (total)	▼ 3.6%	▲ 21.4%
Single-family	▼ 5.9%	▲ 4.6%
Multifamily	▲ 0.7%	▲ 71.4%
Housing permits (total)	▲ 9.2%	▲ 17.9%
Single-family	▲ 6.4%	▲ 20.2%
Multifamily	▲ 14.6%	▲ 13.9%
Housing under construction (total)	▲ 1.3%	▲ 3.4%
Single-family	▲ 1.5%	▼ 1.3%
Multifamily	▲ 1.1%	▲ 7.6%
Housing completions (total)	▼ 3.3%	▲ 1.5%
Single-family	▼ 3.5%	▼ 4.9%
Multifamily	▼ 2.7%	▲ 18.9%
New single-family house sales	▲ 7.9%	▲ 18.6%
Private residential construction spending	▲ 2.1%	▲ 9.0%
Single-family construction spending	▲ 2.8%	▲ 9.6%
Existing house sales[b]	▼ 1.3%	▲ 9.6%

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

Starts

Total starts in January 2020 were at a seasonally adjusted annual rate (SAAR) of 1,567,000. This was 3.6% less than December 2019 and 21.4% greater than January 2019. Single-family (SF) starts were 1,010,000, which was 5.9% less than December 2019. Multifamily (MF) starts of two to four units were 10,000 and five units or more were 547,000 (Census Bureau 2020a) (Fig. 1).

Regionally, the South remained the strongest market, where total starts were 778,000, of which 525,000 were SF and 253,000 were MF. The West followed with total starts of 431,000, of which 273,000 were SF and 158,000 were MF. Total Midwest starts were 180,000, of which 146,000 were SF and 34,000 were MF. The Northeast recorded total starts of 178,000, of which 66,000 were SF and 112,000 were MF (Census Bureau 2020a). Table 1 provides housing start data for each start category for January 2020.

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

	Total starts[a]	Single-family	Multi-family (2–4 units)[b]	Multi-family (≥5 units)
Jan-20	1,567,000	1,010,000	10,000	547,000
Dec-19	1,626,000	1,073,000	22,000	531,000
Jan-19	1,291,000	966,000	17,000	308,000
Month-over-month change	–3.6%	–5.9%	–54.5%	3.0%
Year-over-year change	21.4%	4.6%	–41.2%	77.6%
	Northeast	Midwest	South	West
Jan-20	178,000	180,000	778,000	431,000
Dec-19	135,000	243,000	822,000	426,000
Jan-19	144,000	141,000	713,000	293,000
Month-over - month change	31.9%	–25.9%	–5.4%	1.2%
Year-over-year change	23.6%	27.7%	9.1%	47.1%

[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 January 2020 were at a SAAR of 1,551,000. This was 9.2% greater than December 2019 and 17.9% greater than January 2019. SF permits were 987,000, which was 6.4% greater than December 2019. MF permits of two to four units were 42,000 and five units or more were 522,000 (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 745,000, of which 542,000 were SF and 203,000 were MF. The West followed with total permits of 398,000, of which 241,000 were SF and 157,000 were MF. Midwest total permits were 225,000, of which 137,000 were SF and 88,000 were MF. In the Northeast, total permits were 183,000, of which 67,000 were SF and 116,000 were MF (Census Bureau 2020a). Table 2 provides permit data for each permit category for January 2020.

Table 2–National and regional U.S. housing permits for January 2020 in comparison to December 2019 and January 2019

	Total permits[a]	Single-family	Multi-family (2–4 units)[b]	Multi-family (≥5 units)
Jan-20	1,551,000	987,000	42,000	522,000
Dec-19	1,420,000	928,000	39,000	453,000
Jan-19	1,316,000	821,000	45,000	450,000
Month-over - month change	9.2%	6.4%	7.7%	15.2%
Year-over-year change	17.9%	20.2%	–6.7%	16.0%
	Northeast	Midwest	South	West
Jan-20	183,000	225,000	745,000	398,000
Dec-19	136,000	208,000	690,000	386,000
Jan-19	136,000	187,000	652,000	341,000
Month-over-month change	34.6%	8.2%	8.0%	3.1%
Year-over-year change	34.6%	20.3%	14.3%	16.7%

[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 January 2020 was at a SAAR of 1,203,000. This was a 1.3% increase from December 2019 and 3.4% greater than January 2019. SF HUC was 538,000, which was 1.5% greater than December 2019. MF HUC of two to four units were 12,000 and five units or more were 653,000 (Census Bureau 2020a).

Regionally, the South remained the strongest market, where total HUC was 528,000, of which 258,000 were SF and 270,000 were MF. The West followed with a total HUC of 344,000 units, of which 145,000 were SF and 199,000 were MF. The Northeast total HUC was 176,000, of which 55,000 were SF and 121,000 were MF. Midwest total HUC was 155,000, of which 80,000 were SF and 75,000 were MF (Census Bureau 2020a). Table 3 provides HUC data for January 2020.

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

	Total HUC[a]	Single-family	Multi-family (2–4 units)[b]	Multi-family (≥5 units)
Jan-20	1,203,000	538,000	12,000	653,000
Dec-19	1,188,000	530,000	12,000	646,000
Jan-19	1,163,000	545,000	13,000	605,000
Month-over-month change	1.3%	1.5%	0.0%	1.1%
Year-over-year change	3.4%	–1.3%	–7.7%	7.9%

	Northeast	Midwest	South	West
Jan-20	176,000	155,000	528,000	344,000
Dec-19	171,000	156,000	519,000	342,000
Jan-19	191,000	157,000	485,000	330,000
Month-over - month change	2.9%	–0.6%	1.7%	0.6%
Year-over-year change	–7.9%	–1.3%	8.9%	4.2%

[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 January 2020 were at a SAAR of 1,280,000. This was 3.3% less than December 2019 and 1.5% greater than January 2019. SF completions were 877,000, which was 3.5% less than December 2019. MF completions of two to four units were 6,000 and five units or more were 397,000 (Census Bureau 2020a).

The South remained the strongest market, where total completions were 589,000, of which 429,000 were SF and 160,000 were MF. The West followed with total completions of 396,000 units, of which 235,000 were SF and 161,000 were MF. Midwest total completions were 192,000, of which 133,000 were SF and 59,000 were MF. Total Northeast completions were 103,000, of which 80,000 were SF and 23,000 were MF (Census Bureau 2020a). Table 4 provides housing completion data for January 2020.

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

	Total completions[a]	Single-family	Multi-family (2–4 units)[b]	Multi-family (≥5 units)
Jan-20	1,280,000	877,000	6,000	397,000
Dec-19	1,323,000	909,000	8,000	406,000
Jan-19	1,261,000	922,000	3,000	336,000
Month-over-month change	–3.3%	–3.5%	–25.0%	–2.2%
Year-over-year change	1.5%	–4.9%	100.0%	18.2%

	Northeast	Midwest	South	West
Jan-20	103,000	192,000	589,000	396,000
Dec-19	208,000	143,000	648,000	324,000
Jan-19	123,000	143,000	618,000	377,000
Month-over - month change	–50.5%	34.3%	–9.1%	22.2%
Year-over-year change	–16.3%	34.3%	–4.7%	5.0%

[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 January 2020 were estimated at a SAAR of 764,000 units. This was an increase of 7.9% from December 2019 and 18.6% greater than January 2019. Regionally, the South remained the strongest market with total new SF house sales of 369,000, followed by the West with 252,000. The Midwest recorded 99,000 sales and the Northeast had 44,000.

The median sales price of new houses sold in January 2020 was $348,200, and the mean sales price was $402,300 (Census Bureau 2020b). Table 5 provides new SF sales data for January 2020.

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

	New SF sales[a]	Median price	Mean price	Month's supply
Jan-20	764,000	$348,200	$402,300	5.1
Dec-19	708,000	$324,100	$373,300	5.5
Jan-19	644,000	$305,400	$361,100	6.5
Month-over-month change	7.9%	7.4%	7.8%	–7.3%
Year-over-year change	18.6%	14.0%	11.4%	–21.5%

	Northeast	Midwest	South	West
Jan-20	44,000	99,000	369,000	252,000
Dec-19	42,000	76,000	386,000	204,000
Jan-19	30,000	67,000	378,000	169,000
Month-over-month change	4.8%	30.3%	–4.4%	23.5%
Year-over-year change	46.7%	47.8%	–2.4%	49.1%

[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 January's expenditure data bear this out. Total private residential construction spending for January 2020 was $554,785 million, a 2.1% increase from December 2019 and a 9.0% improvement from January 2019. SF construction spending was $297,787 million and MF construction spending was $57,253 million. Improvement, or remodeling, spending was $199,745 million (Census Bureau 2020c). Table 6 provides data for each construction spending category for January 2020.

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

	Total private residential construction spending[a, b]	Single-family	Multi-family	Improvement[c]
Jan-20	$554,785	$297,787	$57,253	$199,745
Dec-19	$543,578	$289,608	$57,268	$196,702
Jan-19	$509,091	$271,580	$62,438	$175,073
Month-over-month change	2.1%	2.8%	0.0%	1.5%
Year-over-year change	9.0%	9.6%	–8.3%	14.1%

[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 January 2020 were at a SAAR of 5,460,000 units. This is a 1.3% decrease from December 2019 and a 9.6% improvement from January 2019. Regionally, the South remained the strongest market, with total existing house sales of 2,380,000 units, followed by the Midwest at 1,290,000 units. The West had total existing sales of 1,060,000 units and the Northeast had 730,000 units (FRED 2020). Table 7 provides existing house sales data for January 2020.

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

	Existing sales[a]	Median price	Mean price	Month's supply
Jan-20	5,460,000	$266,300	$302,700	3.1
Dec-19	5,530,000	$274,500	$311,000	3.0
Jan-19	4,980,000	$249,400	$288,200	3.8
Month-over-month change	–1.3%	–3.0%	–2.7%	3.3%
Year-over-year change	9.6%	6.8%	5.0%	–18.4%
	Northeast	**Midwest**	**South**	**West**
Jan-20	730,000	1,290,000	2,380,000	1,060,000
Dec-19	730,000	1,260,000	2,370,000	1,170,000
Jan-19	680,000	1,190,000	2,130,000	980,000
Month-over - month change	0.0%	2.4%	0.4%	–9.4%
Year-over-year change	7.4%	8.4%	11.7%	8.2%

Literature Cited

Carliner, M. 2010. Census bureau housing and demographic data. Available at http://www.michaelcarliner.com/index.html. (Accessed March 15, 2018.)

Census Bureau. 2020a. New residential construction. Washington, DC: U.S. Department of Commerce, Census Bureau. Available at https://www.census.gov/construction/nrc/index.html. (Accessed February 19, 2020.)

Census Bureau. 2020b. New residential sales. Washington, DC: U.S. Department of Commerce, Census Bureau. Available at https://www.census.gov/construction/nrs/index.html. (Accessed February 26, 2020.)

Census Bureau. 2020c. Value of construction put in place at a glance. Washington, DC: U.S. Department of Commerce, Census Bureau. Available at https://www.census.gov/construction/c30/c30index.html. (Accessed March 2, 2020.)

FRED. 2020. Existing home sales. Federal Reserve Bank of St. Louis. Available at https://fred.stlouisfed.org/series/EXHOSLUSM495S. (Accessed February 24, 2020.)

Gottlieb, M. 1964. Estimates of residential building, US, 1840-1939. Available at http://www.nber.org/books/gott64-1840-1939. (Accessed March 15, 2018.)

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 January 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.

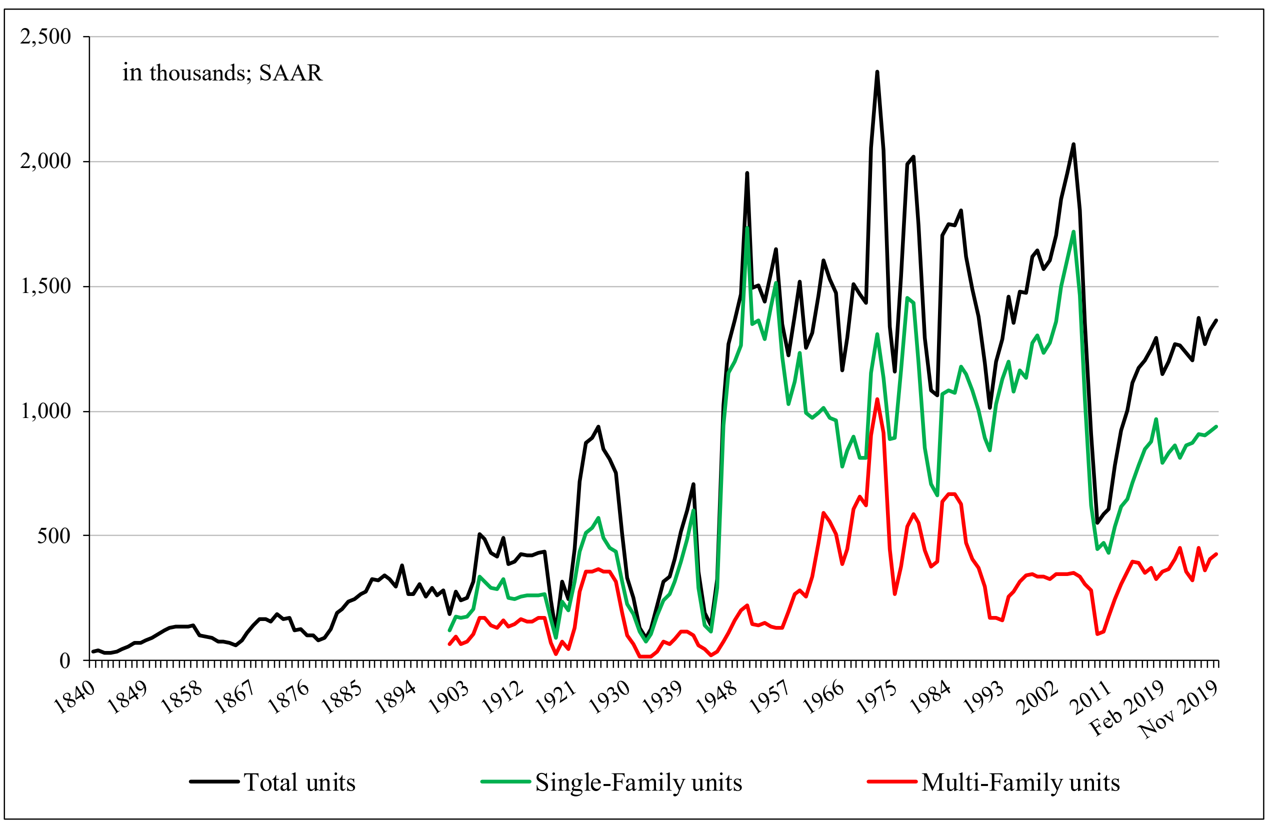

Figure 1. U.S. housing units and starts: 1840 to January 2020. Sources: Carliner (2010), Gottlieb (1964), and Census Bureau (2020a).