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United States Housing Brief, November 2018

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Abstract

November housing data were mixed, with month-over-month increases and declines noted in single-family starts, completions, and spending. Total permits, total and single-family housing under construction, and expenditures remained positive. The new SF construction market needs consistent improvement to influence the housing construction market upward. Existing sales continued their stagnating trend, on both monthly and yearly bases.

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, November 2018

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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 markets improved on a monthly basis in November. In contrast, on a year-over-year basis, the construction and sales markets were mixed.

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".

November 2018 Housing Scorecard

Category[a]	Month-over-month change	Year-over-year change
Housing starts (total)	▲ 3.2%	▼ 3.6%
Single-family	▼ 4.6%	▼ 13.1%
Multifamily	▲14.8%	▲ 4.6%
Housing permits (total)	▲ 5.0%	▲ 0.4%
Single-family	▲ 0.1%	▼ 1.9%
Multifamily	▲ 22.4%	▲ 21.7%
Housing under construction (total)	▲ 0.7%	▲ 4.0%
Single-family	▲ 0.2%	▲ 7.5%
Multifamily	▲ 1.1%	▲ 1.1%
Housing completions (total)	▲ 0.4%	▼ 5.4%
Single-family	▼ 3.9%	▼ 1.2%
Multifamily	▲ 17.2%	▼ 9.9%
New single-family house sales	▲ 16.9%	▼ 7.7%
Private residential construction spending	▲ 3.5%	▲ 0.8%
Single-family construction spending	▼ 1.8%	▼ 1.0%
Existing house sales[b]	▲ 1.9	▼ 7.0%

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

Starts

Total starts in November 2018 were at a seasonally adjusted annual rate (SAAR) of 1,256,000. This was 3.2% greater than October 2018 and 3.6% less than November 2017. Single-family (SF) starts were 824,000, which was 4.6% less than October 2018. Multifamily (MF) starts of two to four units were 15,000 and five units or more were 417,000 (Census Bureau 2018a). November 2018 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 687,000, of which 457,000 were SF and 230,000 were MF. The West followed with total starts of 289,000, of which 180,000 were SF and 109,000 were MF. Total Midwest starts were 156,000, of which 120,000 were SF and 36,000 were MF. The Northeast recorded total starts of 124,000, of which 67,000 were SF and 57,000 were MF (Census Bureau 2018a). Table 1 provides housing start data for each start category for November 2018.

Table 1—National and regional U.S. housing starts for November 2018 in comparison to October 2018 and November 2017

	Total starts[a]	Single-family	Multi-family (2–4 units)[b]	Multi-family (≥5 units)
Nov-18	1,256,000	824,000	15,000	417,000
Oct-18	1,217,000	864,000	19,000	334,000
Nov-17	1,303,000	948,000	8,000	347,000
Month-over-month change	3.2	–4.6	–21.1	24.9
Year-over-year change	–3.6%	-13.1%	87.5%	20.2%

	Northeast	Midwest	South	West
Nov-18	124,000	156,000	687,000	289,000
Oct-18	90,000	193,000	597,000	337,000
Nov-17	93,000	178,000	678,000	354,000
Month-over - month change	37.8%	–19.2%	15.1%	–14.2%
Year-over-year change	33.3%	–12.4%	1.3%	–18.4%

[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 November 2018 were at a SAAR of 1,328,000. This is 5.0% greater than October 2018 and 0.4% greater than November 2017. SF permits were 848,000, which was 0.1% greater than October 2018. MF permits of two to four units were 39,000 and five units or more were 441,000 (Census Bureau 2018a). Historically, MF permits can be extremely variable, M/M and Y/Y.

Regionally, the South remained the strongest market, where total permits issued were 708,000, of which 475,000 were SF and 233,000 were MF. The West followed with total permits of 323,000, of which 206,000 were SF and 117,000 were MF. Midwest total permits were 177,000, of which 115,000 were SF and 62,000 were MF. In the Northeast, total permits were 120,000, of which 52,000 were SF and 68,000 were MF (Census Bureau 2018a). Table 2 provides permit data for each permit category for November 2018.

Table 2─National and regional U.S. housing permits for November 2018 in comparison to October 2018 and November 2017

	Total permits[a]	Single-family	Multi-family (2–4 units)[b]	Multi-family (≥5 units)
Nov-18	1,328,000	848,000	39,000	441,000
Oct-18	1,265,000	847,000	36,000	382,000
Nov-17	1,323,000	864,000	41,000	418,000
Month-over - month change	5.0%	0.1%	8.3%	15.4%
Year-over-year change	0.4%	–1.9%	–4.9%	5.5%

	Northeast	Midwest	South	West
Nov-18	120,000	177,000	708,000	323,000
Oct-18	120,000	186,000	641,000	318,000
Nov-17	113,000	187,000	660,000	363,000
Month-over-month change	0.0%	–4.8%	10.5%	1.6%
Year-over - year change	6.2%	–5.3%	7.3%	–11.0%

[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 November 2018 was at a SAAR of 1,148,000. This was 0.7% greater than October 2018 and 4.0% greater than November 2017. SF HUC was 531,000, which was 0.2% greater than October 2018. MF HUC of two to four units was 13,000 and five units or more was 604,000 (Census Bureau 2018a).

Regionally, the South remained the strongest market, where total HUC was 466,000, of which 242,000 were SF and 224,000 were MF. The West followed with a total HUC of 341,000 units, of which 146,000 were SF and 195,000 were MF. The Northeast total HUC was 191,000, of which 63,000 were SF and 128,000 were MF. Midwest total HUC was 150,000, of which 80,000 were SF and 70,000 were MF (Census Bureau 2018a). Table 3 provides HUC data for November 2018.

Table 3—National and regional U.S. housing under construction for November 2018 in comparison to October 2018 and November 2017

	Total HUC[a]	Single-family	Multi-family (2–4 units)[b]	Multi-family (≥5 units)
Nov-18	1,148,000	531,000	13,000	604,000
Oct-18	1,140,000	530,000	13,000	597,000
Nov-17	1,104,000	494,000	11,000	599,000
Month-over-month change	0.7%	0.2%	0.0%	1.2%
Year-over-year change	4.0%	7.5%	18.2%	0.8%

	Northeast	Midwest	South	West
Nov-18	191,000	150,000	466,000	341,000
Oct-18	191,000	152,000	457,000	340,000
Nov-17	188,000	154,000	445,000	317,000
Month-over-month change	0.0%	–1.3%	2.0%	0.3%
Year-over-year change	1.6%	–2.6%	4.7%	7.6%

[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 November 2018 were at a SAAR of 1,099,000. This was 0.4% greater than October 2018 and 3.9% less than November 2017. SF completions were 772,000, which was 5.4% less than October 2018. MF completions of two to four units were 13,000 and five units or more were 314,000 (Census Bureau 2018a).

The South remained the strongest market, where total completions were 521,000, of which 436,000 were SF and 85,000 were MF. The West followed with total completions of 300,000 units, of which 165,000 were SF and 135,000 were MF. Midwest total completions were 143,000, of which 112,000 were SF and 31,000 were MF. Total Northeast completions were 135,000, of which 59,000 were SF and 76,000 were MF (Census Bureau 2018a). Table 4 provides housing completion data for November 2018.

Table 4—National and regional U.S. housing completions for November 2018 in comparison to October 2018 and November 2017

	Total completions[a]	Single-family	Multi-family (2–4 units)[b]	Multi-family (≥5 units)
Nov-18	1,099,000	772,000	13,000	314,000
Oct-18	1,095,000	816,000	9,000	270,000
Nov-17	1,144,000	781,000	15,000	348,000
Month-over-month change	0.4%	–5.4%	44.4%	16.3%
Year-over-year change	–3.9%	–1.2%	–13.3%	–9.8%

	Northeast	Midwest	South	West
Nov-18	135,000	143,000	521,000	300,000
Oct-18	79,000	179,000	540,000	297,000
Nov-17	142,000	178,000	596,000	228,000
Month-over-month change	70.9%	–20.1%	–3.5%	1.0%
Year-over-year change	–4.9%	–19.7%	–12.6%	31.6%

[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 November 2018 were estimated at a SAAR of 657,000 units. This was an increase of 16.9% from October 2018 and a 7.7% decline from November 2017. Regionally, the South remained the strongest market with total new SF house sales of 374,000, followed by the West with 160,000. The Midwest recorded 77,000 sales, and the Northeast had 46,000.

The median sales price of new houses sold in November 2018 was $302,400, and the mean sales price was $362,400 (Census Bureau 2018b). Table 5 provides new SF sales data for November 2018.

Table 5—National and regional new U.S. housing sales for November 2018 in comparison to October 2018 and November 2017

	New SF sales[a]	Median price	Mean price	Month's supply
Nov-18	657,000	$302,400	$362,400	7.0
Oct-18	562,000	$325,100	$395,500	7.6
Nov-17	712,000	$343,400	$388,500	4.9
Month-over-month change	16.9%	–7.0%	–8.4%	–7.9%
Year-over-year change	–7.7%	–11.9%	–6.7%	42.9%

	Northeast	Midwest	South	West
Nov-18	46,000	77,000	374,000	160,000
Oct-18	23,000	59,000	310,000	170,000
Nov-17	40,000	79,000	377,000	216,000
Month-over - month change	100.0%	30.5%	20.6%	–5.9%
Year-over-year change	15.0%	–2.5%	–0.8%	–25.9%

[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 November's expenditure data bear this out. Total private residential construction spending for November 2018 was $542,534 million, a 3.5% increase from October 2018 and a 0.8% increase from November 2017. SF construction spending was $277,512 million, and MF construction spending was $64,729 million. Improvement, or remodeling, spending was $200,293 million (Census Bureau 2018c). Table 6 provides data for each construction spending category for November 2018.

Table 6—National U.S. housing construction spending for November 2018 in comparison to October 2018 and November 2017

	Total private residential construction spending[a, b]	Single-family	Multi-family	Improve-ment[c]
Nov-18	$542,534	$277,512	$64,729	$200,293
Oct-18	$524,223	$282,544	$63,084	$178,595
Nov-17	$538,181	$280,238	$59,763	$198,180
Month-over-month change	3.5%	–1.8%	2.6%	12.1%
Year-over-year change	0.8%	–1.0%	8.3%	1.1%

[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 November 2018 were at a SAAR of 5,320,000 units. This is a 1.9% increase from October 2018 and a 7.0% decrease from November 2017. Regionally, the South remained the strongest market, with total existing house sales of 2,200,000 units, followed by the West at 1,040,000 units. The Midwest had total existing sales of 1,340,000 units, and the Northeast had 740,000 units (FRED 2018). Table 7 provides existing house sales data for November 2018.

Table 7—National and regional U.S. existing housing sales for November 2018 in comparison to October 2018 and November 2017

	Existing sales[a]	Median price	Mean price	Month's supply
Nov-18	5,320,000	$257,700	$296,300	3.9
Oct-18	5,220,000	$255,100	$293,900	4.3
Nov-17	5,720,000	$247,200	$289,500	3.5
Month-over-month change	1.9%	1.0%	0.8%	–9.3%
Year-over-year change	–7.0%	4.2%	2.3%	11.4%

	Northeast	Midwest	South	West
Nov-18	740,000	1,340,000	2,200,000	1,040,000
Oct-18	690,000	1,270,000	2,150,000	1,110,000
Nov-17	760,000	1,400,000	2,330,000	1,230,000
Month-over - month change	7.2%	5.5%	2.3%	–6.3%
Year-over-year change	–2.6%	–4.3%	–5.6%	–15.4%

[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 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.

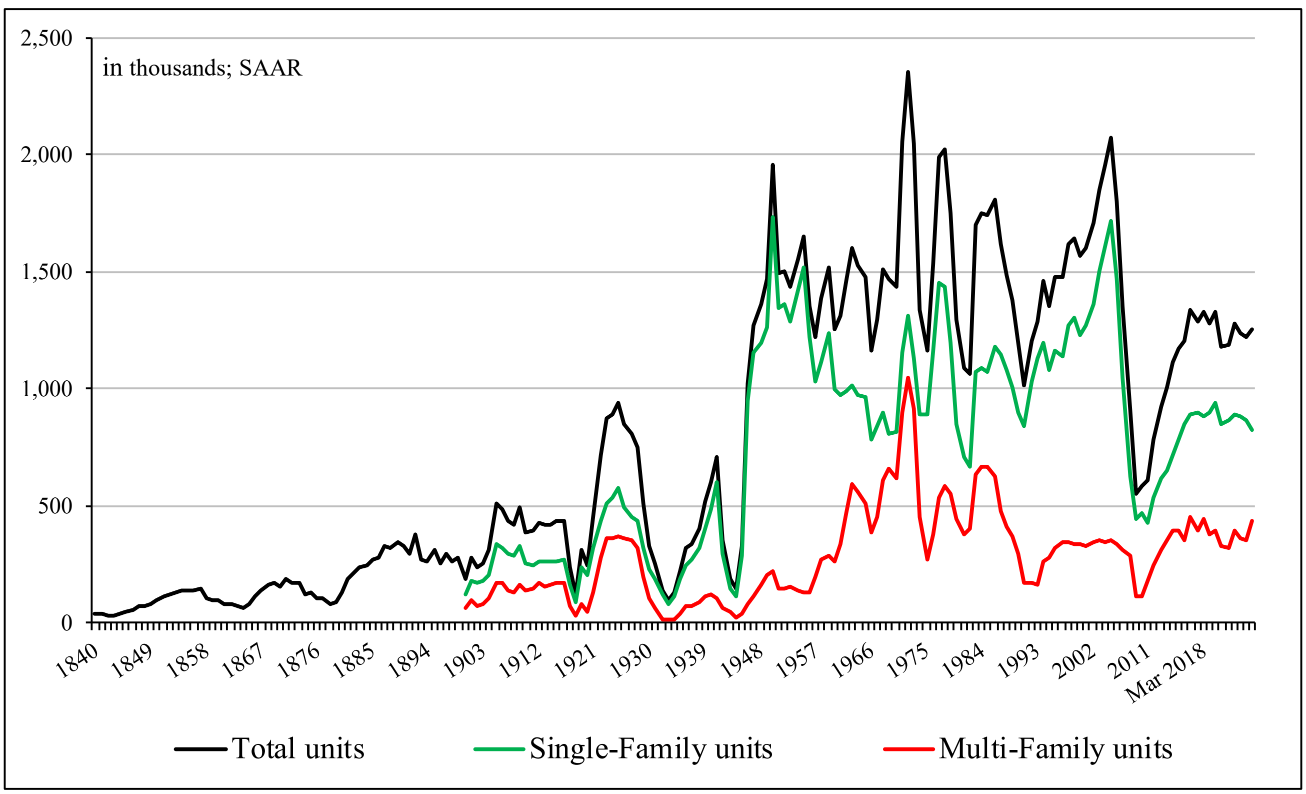

Figure 1. U.S. housing units and starts: 1840 to November 2018. Sources: Carliner (2010), Gottlieb (1964), and Census Bureau (2018a).