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United States Housing Brief, October 2018

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Abstract

October housing data were mostly negative, with several monthly declines in single-family starts, permits, and completions, and new single-family sales. Total private and single-family construction spending also were minimally negative. Total and single-family housing under construction remained positive, except for multifamily yearly data. Total and single-family housing completions declined on both month-over-month and yearly bases. New and existing sales continued their stagnant trend, monthly and yearly.

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, October 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 market was tepid in October, with declines noted for total, single-, and multifamily starts (yearly basis). New single-family sales declined on both monthly and yearly 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 2018 Housing Scorecard

Category[a]	**Month-over-month change**	**Year-over-year change**
Housing starts (total)	▲ 1.5	▼ 2.9
Single-family	▼ 1.8	▼ 2.6
Multi-family	▲ 10.3	▼ 3.7
Housing permits (total)	▼ 0.6	▼ 6.0
Single-family	▼ 0.6	▼ 0.6
Multi-family	▼ 0.5	▼ 15.3
Housing under construction (total)	▲ 0.5	▲ 3.6
Single-family	▲ 1.0	▲ 8.4
Multi-family	▲ 0.2	▼ 0.2
Housing completions (total)	▼ 3.3	▼ 6.5
Single-family	▼ 1.2	▲ 4.3
Multi-family	▼ 9.1	▼ 28.5
New single-family house sales	▼ 8.9	▼ 12.0
Private residential construction spending	▼ 0.5	▲ 1.8
Single-family construction spending	▼ 0.5	▲ 2.4
Existing house sales[b]	▲ 1.4	▼ 5.1

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

Starts

Total starts in October 2018 were at a seasonally adjusted annual rate (SAAR) of 1,228,000. This was 1.5% greater than September 2018 and 2.9% less than October 2017. Single-family (SF) starts were 865,000, which was 1.8% less than September 2018. Multifamily (MF) starts of two to four units were 20,000 and five units or more were 343,000 (Census Bureau 2018a). October 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 596,000, of which 427,000 were SF and 169,000 were MF. The West followed with total starts of 335,000, of which 241,000 were SF and 94,000 were MF. Total Midwest starts were 210,000, of which 127,000 were SF and 83,000 were MF. The Northeast recorded total starts of 87,000, of which 70,000 were SF and 17,000 were MF (Census Bureau 2018a). Table 1 provides housing start data for each start category for October 2018.

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

	Total starts[a]	Single-family	Multi-family (2–4 units)[b]	Multi-family (≥5 units)
Oct-18	1,228,000	865,000	20,000	343,000
Sep-18	1,210,000	881,000	6,000	323,000
Oct-17	1,265,000	888,000	18,000	359,000
Month-over-month change	1.5%	–1.8%	233.3%	6.2%
Year-over-year change	–2.9%	–2.6%	11.1%	–4.5%

	Northeast	Midwest	South	West
Oct-18	87,000	210,000	596,000	335,000
Sep-18	132,000	158,000	569,000	351,000
Oct-17	145,000	200,000	617,000	303,000
Month-over - month change	–34.1%	32.9%	4.7%	–4.6%
Year-over-year change	–40.0%	5.0%	–3.4%	10.6%

[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 October 2018 were at a SAAR of 1,263,000. This is 0.6% less than September 2018 and 6.0% less than October 2017. SF permits were 849,000, which was 0.6% less than September 2018. MF permits of two to four units were 38,000 and five units or more were 376,000 (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 648,000, of which 463,000 were SF and 185,000 were MF. The West followed with total permits of 313,000, of which 207,000 were SF and 106,000 were MF. Midwest total permits were 187,000, of which 116,000 were SF and 71,000 were MF. In the Northeast, total permits were 115,000, of which 63,000 were SF and 52,000 were MF (Census Bureau 2018a). Table 2 provides permit data for each permit category for October 2018.

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

	Total permits[a]	Single-family	Multi-family (2–4 units)[b]	Multi-family (≥5 units)
Oct-18	1,263,000	849,000	38,000	376,000
Sep-18	1,270,000	854,000	40,000	376,000
Oct-17	1,343,000	854,000	35,000	454,000
Month-over - month change	–0.6%	–0.6%	–5.0%	0.0%
Year-over-year change	–6.0%	–0.6%	8.6%	–17.2%

	Northeast	Midwest	South	West
Oct-18	115,000	187,000	648,000	313,000
Sep-18	95,000	171,000	664,000	340,000
Oct-17	121,000	197,000	647,000	378,000
Month-over-month change	21.1%	9.4%	–2.4%	–7.9%
Year-over - year change	–5.0%	–5.1%	0.2%	–17.2%

[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 2018 was at a SAAR of 1,137,000. This was 0.5% greater than September 2018 and 3.6% greater than October 2017. SF HUC was 527,000, 1.0% greater than September 2018. MF HUC of two to four units was 13,000 and five units or more was 597,000 (Census Bureau 2018a).

Regionally, the South remained the strongest market, where total HUC was 457,000, of which 241,000 were SF and 216,000 were MF. The West followed with a total HUC of 338,000 units, of which 143,000 were SF and 195,000 were MF. The Northeast total HUC was 190,000, of which 61,000 were SF and 129,000 were MF. Midwest total HUC was 152,000, of which 82,000 were SF and 70,000 were MF (Census Bureau 2018a). Table 3 provides HUC data for October 2018.

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

	Total HUC[a]	Single-family	Multi-family (2–4 units)[b]	Multi-family (≥5 units)
Oct-18	1,137,000	527,000	13,000	597,000
Sep-18	1,131,000	522,000	12,000	597,000
Oct-17	1,097,000	486,000	12,000	599,000
Month-over-month change	0.5%	1.0%	8.3%	0.0%
Year-over-year change	3.6%	8.4%	8.3%	–0.3%

	Northeast	Midwest	South	West
Oct-18	190,000	152,000	457,000	338,000
Sep-18	191,000	152,000	452,000	336,000
Oct-17	192,000	154,000	444,000	307,000
Month-over - month change	–0.5%	0.0%	1.1%	0.6%
Year-over-year change	–1.0%	–1.3%	2.9%	10.1%

[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 2018 were at a SAAR of 1,111,000. This was 3.3% less than September 2018 and 6.5% less than October 2017. SF completions were 832,000, which was 1.2% less than September 2018. MF completions of two to four units were 10,000 and five units or more were 269,000 (Census Bureau 2018a).

The South remained the strongest market, where total completions were 544,000, of which 424,000 were SF and 120,000 were MF. The West followed with total completions of 309,000 units, of which 235,000 were SF and 74,000 were MF. Midwest total completions were 181,000, of which 124,000 were SF and 573,000 were MF. Total Northeast completions were 77,000, of which 49,000 were SF and 28,000 were MF (Census Bureau 2018a). Table 4 provides housing completion data for October 2018.

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

	Total completions[a]	Single-family	Multi-family (2–4 units)[b]	Multi-family (≥5 units)
Oct-18	1,111,000	832,000	10,000	269,000
Sep-18	1,149,000	842,000	8,000	299,000
Oct-17	1,188,000	798,000	7,000	383,000
Month-over-month change	–3.3%	–1.2%	25.0%	–10.0%
Year-over-year change	–6.5%	4.3%	42.9%	–29.8%

	Northeast	Midwest	South	West
Oct-18	77,000	181,000	544,000	309,000
Sep-18	107,000	178,000	565,000	299,000
Oct-17	139,000	148,000	628,000	273,000
Month-over - month change	–28.0%	1.7%	–3.7%	3.3%
Year-over-year change	–44.6%	22.3%	–13.4%	13.2%

[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 2018 were estimated at a SAAR of 544,000 units. This was a decrease of 8.9% from September 2018 and 12.0% from October 2017. Regionally, the South remained the strongest market with total new SF house sales of 313,000, followed by the West with 149,000. The Midwest recorded 60,000 sales, and the Northeast had 22,000.

The median sales price of new houses sold in October 2018 was $309,700, and the mean sales price was $395,000 (Census Bureau 2018b). Table 5 provides new SF sales data for October 2018.

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

	New SF sales[a]	Median price	Mean price	Month's supply
Oct-18	544,000	$309,700	$395,000	7.4
Sep-18	597,000	$321,300	$379,000	6.5
Oct-17	618,000	$319,500	$394,000	5.6
Month-over-month change	–8.9%	–3.6%	4.2%	13.8%
Year-over-year change	–12.0%	–3.1%	0.3%	32.1%

	Northeast	Midwest	South	West
Oct-18	22,000	60,000	313,000	149,000
Sep-18	27,000	77,000	339,000	154,000
Oct-17	41,000	72,000	354,000	151,000
Month-over - month change	–18.5%	–22.1%	–7.7%	–3.2%
Year-over-year change	–46.3%	–16.7%	–11.6%	–1.3%

[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 2018 was $538,958 million, a 0.5% decrease from September 2018 and a 1.8% increase from October 2017. SF construction spending was $282,611 million, and MF construction spending was $62,035 million. Improvement, or remodeling, spending was $194,312 million (Census Bureau 2018c). Table 6 provides data for each construction spending category for October 2018.

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

	Total private residential construction spending[a, b]	Single-family	Multi-family	Improvement[c]
Oct-18	$538,958	$282,611	$62,035	$194,312
Sep-18	$541,650	$284,172	$61,439	$196,039
Oct-17	$529,523	$275,868	$60,119	$193,536
Month-over-month change	–0.5%	–0.5%	1.0%	–0.9%
Year-over-year change	1.8%	2.4%	3.2%	0.4%

[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 October 2018 were at a SAAR of 5,220,000 units. This is a 1.4% increase from September 2018 and a 5.1% decrease from October 2017. Regionally, the South remained the strongest market, with total existing house sales of 2,150,000 units, followed by the West at 1,110,000 units. The Midwest had total existing sales of 1,270,000 units, and the Northeast had 690,000 units (FRED 2018). Table 7 provides existing house sales data for October 2018.

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

	Existing sales[a]	Median price	Mean price	Month's supply
Oct-18	5,220,000	$255,400	$294,200	4.3
Sep-18	5,150,000	$256,900	$296,000	4.4
Oct-17	5,500,000	$246,000	$287,600	3.9
Month-over-month change	1.4%	–0.6%	–0.6%	–2.3%
Year-over-year change	–5.1%	3.8%	2.3%	10.3%

	Northeast	Midwest	South	West
Oct-18	690,000	1,270,000	2,150,000	1,110,000
Sep-18	680,000	1,280,000	2,110,000	1,080,000
Oct-17	740,000	1,310,000	2,200,000	1,250,000
Month-over - month change	1.5%	–0.8%	1.9%	2.8%
Year-over-year change	–6.8%	–3.1%	–2.3%	–11.2%

[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.

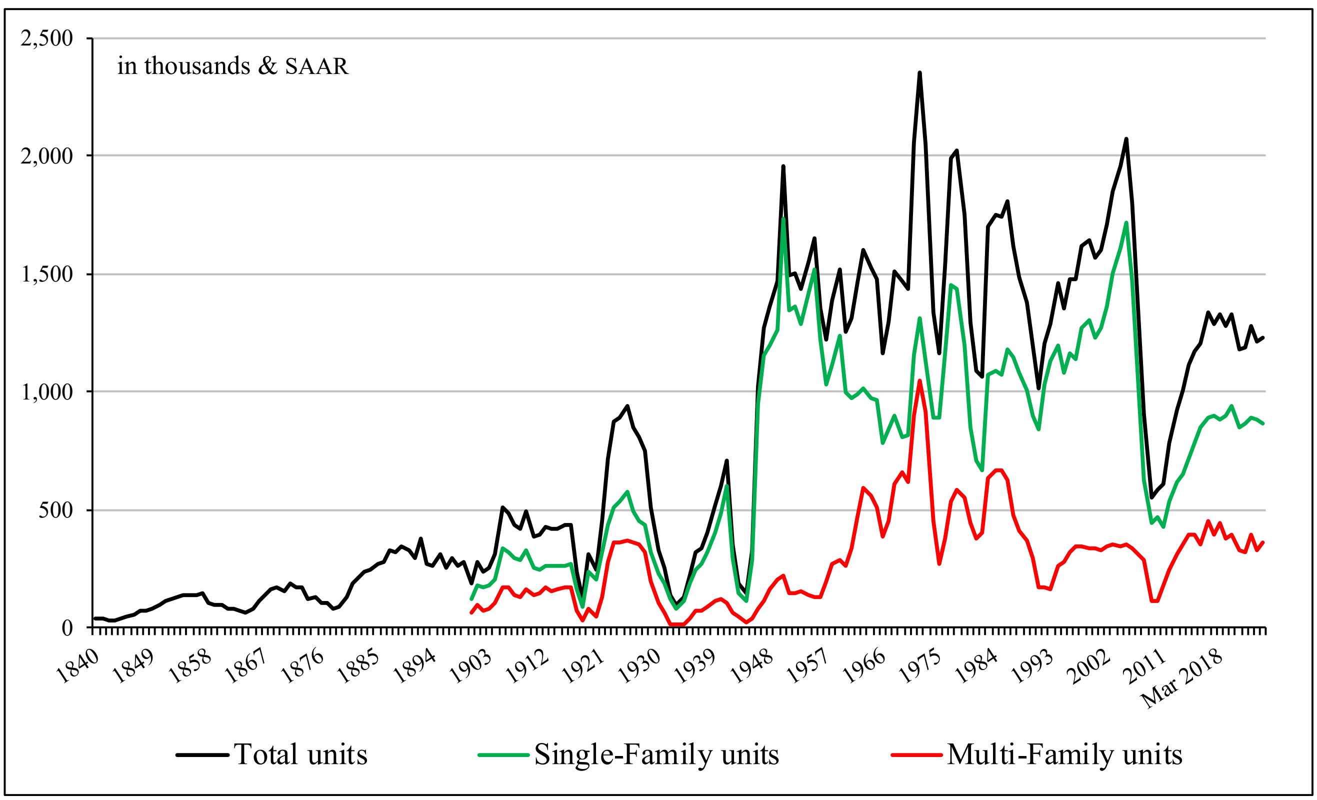

Figure 1. U.S. housing units and starts: 1840 to October 2018. Sources: Carliner (2010), Census Bureau (2018a), and Gottlieb (1964).