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United States Housing Brief, July 2020

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Abstract

In July, the resiliency of the U.S. housing market was a bright spot for the aggregate U.S. economy. Most month-over-month sectors were positive, and the majority of year-over-year categories were positive as well. Year-over-year, total multifamily permits, single-family housing under construction, single-family completions, and single-family construction spending indicated declines.

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

Contents

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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 market indicators were overwhelmingly positive in July, 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".

July 2020
Housing Scorecard

Category[a]	Month-over-month change	Year-over-year change
Housing starts (total)	▲ 22.6%	▲ 23.4%
Single-family	▲ 8.2%	▲ 7.4%
Multifamily	▲ 58.4%	▲ 65.0%
Housing permits (total)	▲ 18.8%	▲ 9.4%
Single-family	▲ 17.0%	▲ 15.5%
Multifamily	▲ 22.5%	▼ 0.6%
Housing under construction (total)	▲ 1.3%	▲ 3.7%
Single-family	▲ 0.2%	▼ 3.3%
Multifamily	▲ 2.1	▲ 9.5%
Housing completions (total)	▲ 3.6%	▲ 1.7%
Single-family	▼ 1.8%	▼ 0.4%
Multifamily	▲ 19.7%	▲ 7.5%
New single-family house sales	▲ 13.9%	▲ 36.3%
Private residential construction spending	▲ 2.1%	▲ 0.5%
Single-family construction spending	▲ 3.1%	▼ 3.2%
Existing house sales[b]	▲ 24.7%	▲ 8.7%

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

Starts

Total starts in July 2020 were at a seasonally adjusted annual rate (SAAR) of 1,496,000. This was 22.6% greater than June 2020 and 23.4% greater than July 2019. Single-family (SF) starts were 940,000, which was 8.2% greater than June 2020. Multifamily (MF) starts of two to four units were 9,000 and five units or more were 547,000 (Census Bureau 2020a) (Fig. 1).

Regionally, the South remained the strongest market, where total starts were 830,000, of which 528,000 were SF and 302,000 were MF. The West followed with total starts of 308,000, of which 206,000 were SF and 102,000 were MF. Total Midwest starts were 201,000, of which 132,000 were SF and 69,000 were MF. The Northeast recorded total starts of 157,000, of which 74,000 were SF and 83,000 were MF (Census Bureau 2020a). Table 1 provides housing start data for each start category for July 2020.

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

	Total starts[a]	Single-family	Multi-family (2–4 units)[b]	Multi-family (≥5 units)
Jul-20	1,496,000	940,000	9,000	547,000
Jun-20	1,220,000	869,000	2,000	349,000
Jul-19	1,212,000	875,000	11,000	326,000
Month-over-month change	22.6%	8.2%	350.0%	56.7%
Year-over-year change	23.4%	7.4%	–18.2%	67.8%
	Northeast	Midwest	South	West
Jul-20	157,000	201,000	830,000	308,000
Jun-20	116,000	190,000	623,000	291,000
Jul-19	96,000	174,000	624,000	318,000
Month-over - month change	35.3%	5.8%	33.2%	5.8%
Year-over-year change	63.5%	15.5%	33.0%	–3.1%

[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 July 2020 were at a SAAR of 1,495,000. This was 18.8% greater than June 2020 and 9.4% greater than July 2019. SF permits were 983,000, which was 17.0% greater than June 2020. MF permits of two to four units were 45,000 and five units or more were 457,000 (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 754,000, of which 560,000 were SF and 194,000 were MF. The West followed with total permits of 377,000, of which 231,000 were SF and 146,000 were MF. Midwest total permits were 224,000, of which 133,000 were SF and 91,000 were MF. In the Northeast, total permits were 140,000, of which 59,000 were SF and 81,000 were MF (Census Bureau 2020a). Table 2 provides permit data for each permit category for July 2020.

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

	Total permits[a]	Single-family	Multi-family (2–4 units)[b]	Multi-family (≥5 units)
Jul-20	1,495,000	983,000	45,000	467,000
Jun-20	1,258,000	840,000	40,000	378,000
Jul-19	1,366,000	851,000	46,000	469,000
Month-over - month change	18.8%	17.0%	12.5%	23.5%
Year-over-year change	9.4%	15.5%	–2.2%	–0.4%
	Northeast	Midwest	South	West
Jul-20	140,000	224,000	754,000	377,000
Jun-20	122,000	181,000	663,000	292,000
Jul-19	131,000	169,000	696,000	370,000
Month-over-month change	14.8%	23.8%	13.7%	29.1%
Year-over - year change	6.9%	32.5%	8.3%	1.9%

[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 July 2020 was at a SAAR of 1,181,000. This was 1.3% greater than June 2020 and 3.7% greater than July 2019. SF HUC was 503,000, which was 0.2% greater than June 2020. MF HUC of two to four units were 11,000 and five units or more were 667,000 (Census Bureau 2020a).

Regionally, the South remained the strongest market, where total HUC was 530,000, of which 239,000 were SF and 291,000 were MF. The West followed with a total HUC of 331,000 units, of which 136,000 were SF and 195,000 were MF. The Northeast total HUC was 171,000, of which 54,000 were SF and 117,000 were MF. Midwest total HUC was 149,000, of which 74,000 were SF and 75,000 were MF (Census Bureau 2020a). Table 3 provides HUC data for July 2020.

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

	Total HUC[a]	Single-family	Multi-family (2–4 units)[b]	Multi-family (≥5 units)
Jul-20	1,181,000	503,000	11,000	667,000
Jun-20	1,166,000	502,000	11,000	653,000
Jul-19	1,139,000	520,000	11,000	608,000
Month-over-month change	1.3%	0.2%	0.0%	2.1%
Year-over-year change	3.7%	–3.3%	0.0%	9.7%

	Northeast	Midwest	South	West
Jul-20	171,000	149,000	530,000	331,000
Jun-20	170,000	144,000	517,000	335,000
Jul-19	177,000	145,000	487,000	330,000
Month-over - month change	0.6%	3.5%	2.5%	–1.2%
Year-over-year change	–3.4%	2.8%	8.8%	0.3%

[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 July 2020 were at a SAAR of 1,280,000. This was 3.6% greater than June 2020 and 1.7% greater than July 2019. SF completions were 909,000, which is 1.8% less than June 2020. MF completions of two to four units were 7,000 and five units or more were 364,000 (Census Bureau 2020a).

The South remained the strongest market, where total completions were 669,000, of which 495,000 were SF and 174,000 were MF. The West followed with total completions of 361,000 units, of which 232,000 were SF and 129,000 were MF. Midwest total completions were 138,000, of which 105,000 were SF and 33,000 were MF. Total Northeast completions were 112,000, of which 77,000 were SF and 35,000 were MF (Census Bureau 2020a). Table 4 provides housing completion data for July 2020.

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

	Total completions[a]	Single-family	Multi-family (2–4 units)[b]	Multi-family (≥5 units)
Jul-20	1,280,000	909,000	7,000	364,000
Jun-20	1,236,000	926,000	5,000	305,000
Jul-19	1,258,000	913,000	11,000	334,000
Month-over-month change	3.6%	–1.8%	40.0%	19.3%
Year-over-year change	1.7%	–0.4%	–36.4%	9.0%

	Northeast	Midwest	South	West
Jul-20	112,000	138,000	669,000	361,000
Jun-20	71,000	188,000	658,000	319,000
Jul-19	105,000	196,000	667,000	290,000
Month-over - month change	57.7%	–26.6%	1.7%	13.2%
Year-over-year change	6.7%	–29.6%	0.3%	24.5%

[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 July 2020 were estimated at a SAAR of 901,000 units. This was an increase of 13.9% from June 2020 and 36.3% greater than July 2019. Regionally, the South remained the strongest market with total new SF house sales of 454,000, followed by the West with 205,000. The Midwest recorded 80,000 sales, and the Northeast had 52,000.

The median sales price of new houses sold in July 2020 was $330,600, and the mean sales price was $391,300 (Census Bureau 2020b). Table 5 provides new SF sales data for July 2020.

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

	New SF sales[a]	Median price	Mean price	Month's supply
Jul-20	901,000	$330,600	$391,300	4.0
Jun-20	791,000	$337,000	$381,900	4.6
Jul-19	661,000	$308,300	$373,500	6.0
Month-over-month change	13.9%	–1.9%	2.5%	–13.0%
Year-over-year change	36.3%	7.2%	4.8%	–33.3%

	Northeast	Midwest	South	West
Jul-20	52,000	80,000	454,000	205,000
Jun-20	30,000	75,000	406,000	176,000
Jul-19	26,000	63,000	442,000	195,000
Month-over - month change	73.3%	6.7%	11.8%	16.5%
Year-over-year change	100.0%	27.0%	2.7%	5.1%

[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 July's expenditure data bear this out. Total private residential construction spending for July 2020 was $546,600 million, a 2.1% increase from June 2020 and a 0.5% improvement from July 2019. SF construction spending was $268,018 million, and MF construction spending was $85,758 million. Improvement, or remodeling, spending was $192,824 million (Census Bureau 2020c). Table 6 provides data for each construction spending category for July 2020.

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

	Total private residential construction spending[a,b]	Single-family	Multi-family	Improvement[c]
Jul-20	$546,600	$268,018	$85,758	$192,824
Jun-20	$535,586	$259,933	$81,786	$193,867
Jul-19	$543,830	$276,868	$80,937	$186,025
Month-over-month change	2.1%	3.1%	4.9%	–0.5%
Year-over-year change	0.5%	–3.2%	6.0%	3.7%

[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 July 2020 were at a SAAR of 5,860,000 units. This is a 24.7% increase from June 2020 and an 8.7% increase from July 2019. Regionally, the South remained the strongest market, with total existing house sales of 2,590,000 units, followed by the Midwest at 1,390,000 units. The West had total existing sales of 1,240,000 units and the Northeast had 640,000 units (FRED 2020). Table 7 provides existing house sales data for July 2020.

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

	Existing sales[a]	Median price	Mean price	Month's supply
Jul-20	5,860,000	$304,100	$337,500	4.1
Jun-20	4,700,000	$294,500	$328,900	3.9
Jul-19	5,390,000	$280,400	$316,800	4.2
Month-over-month change	24.7%	3.3%	2.6%	5.1%
Year-over-year change	8.7%	8.5%	6.5%	–2.4%
	Northeast	**Midwest**	**South**	**West**
Jul-20	640,000	1,390,000	2,590,000	1,240,000
Jun-20	490,000	1,090,000	2,170,000	950,000
Jul-19	680,000	1,260,000	2,300,000	1,150,000
Month-over -month change	30.6%	27.5%	19.4%	30.5%
Year-over-year change	–5.9%	10.3%	12.6%	7.8%

[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 July 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.

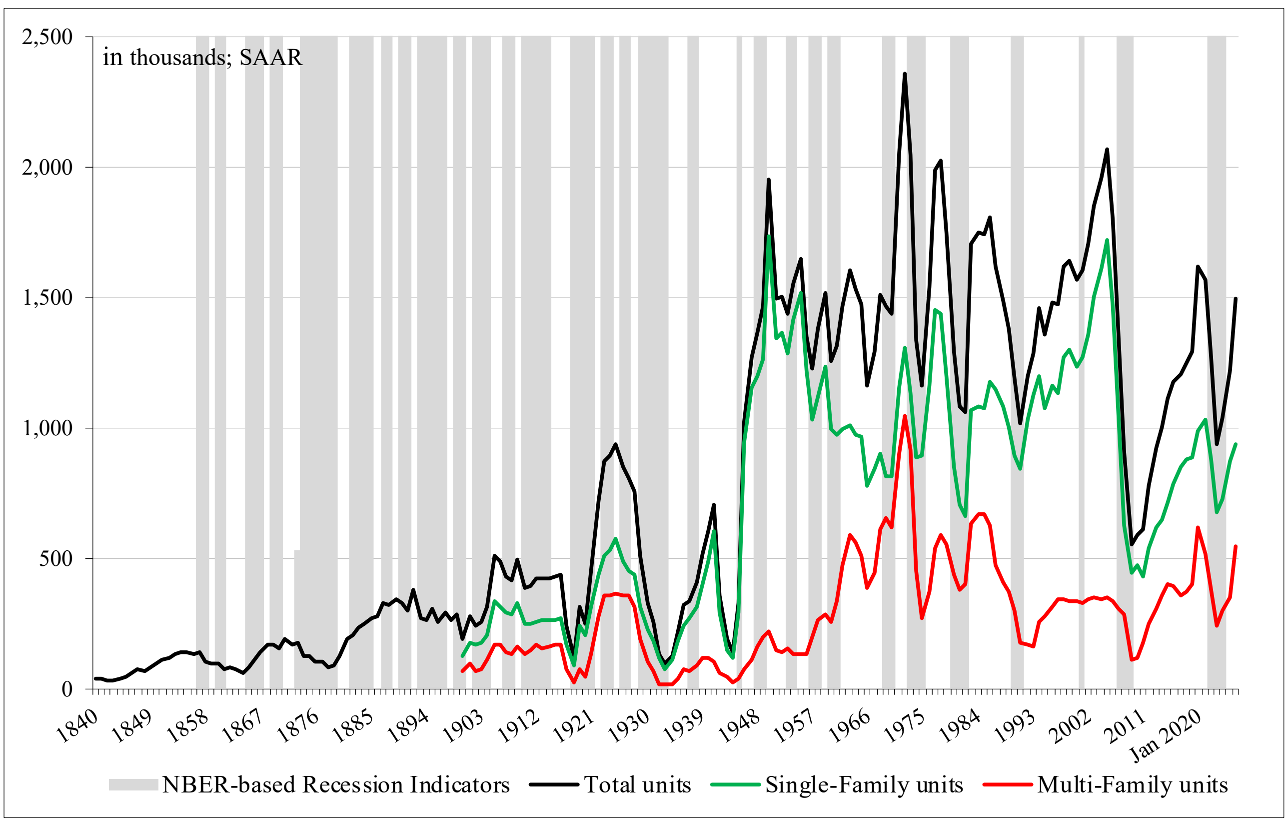

Figure 1. U.S. housing units and starts: 1840 to July 2019. Sources: Carliner (2010), Gottlieb (1964), National Bureau of Economic Research (NBER) (2020), and Census Bureau (2020a).