United States Department of Agriculture

United States Housing Brief, September 2020

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Abstract

In September, most housing indictors were positive. Multifamily housing starts and permits were negative on month-over-month and year-over-year bases. Multifamily housing under construction and new house sales were negative on a month-over-month basis. Housing remains a bright spot for the U.S. economy.

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

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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. On month-over-month and year-over-year bases, a vast majority of U.S. housing subsectors were positive.

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".

September 2020 Housing Scorecard

Category[a]	Month-over-month change	Year-over-year change
Housing starts (total)	▲ 1.9%	▲ 11.1%
Single-family	▲ 8.5%	▲ 22.3%
Multifamily	▼ –16.3%	▼ –16.6%
Housing permits (total)	▲ 5.2%	▲ 8.1%
Single-family	▲ 7.8%	▲ 24.3%
Multifamily	▼ –0.9%	▼ –19.2%
Housing under construction (total)	NC	▲ 4.6%
Single-family	▲ 2.7%	▲ 3.5%
Multifamily	▼ –2.0%	▲ 5.5%
Housing completions (total)	▲ 15.3%	▲ 25.8%
Single-family	▲ 2.1%	▲ 8.1%
Multifamily	▲ 51.9%	▲ 81.5%
New single-family house sales	▼ –3.5%	▲ 32.1%
Private residential construction spending	▲ 2.8%	▲ 9.9%
Single-family construction spending	▲ 5.7%	▲ 8.2%
Existing house sales[b]	▲ 9.4%	▲ 20.9%

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

Starts

Total starts in September 2020 were at a seasonally adjusted annual rate (SAAR) of 1,415,000. This was 1.9% greater than August 2020 and 11.1% greater than September 2019. Single-family (SF) starts were 1,108,000, which was 8.5% greater than August 2020. Multifamily (MF) starts of two to four units were 12,000 and five units or more were 295,000 (Census Bureau 2020a) (Fig. 1).

Regionally, the South remained the strongest market, where total starts were 755,000, of which 645,000 were SF and 110,000 were MF. The West followed with total starts of 350,000, of which 260,000 were SF and 90,000 were MF. Total Midwest starts were 165,000, of which 133,000 were SF and 32,000 were MF. The Northeast recorded total starts of 145,000, of which 70,000 were SF and 75,000 were MF (Census Bureau 2020a). Table 1 provides housing start data for each start category for September 2020.

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

	Total starts[a]	Single-family	Multi-family (2–4 units)[b]	Multi-family (≥5 units)
Sep-20	1,415,000	1,108,000	12,000	295,000
Aug-20	1,388,000	1,021,000	21,000	346,000
Sep-19	1,274,000	906,000	11,000	357,000
Month-over-month change	1.9%	8.5%	–42.9%	–14.7%
Year-over-year change	11.1%	22.3%	9.1%	–17.4%
	Northeast	Midwest	South	West
Sep-20	145,000	165,000	755,000	350,000
Aug-20	87,000	245,000	711,000	345,000
Sep-19	115,000	158,000	693,000	308,000
Month-over -month change	66.7%	–32.7%	6.2%	1.4%
Year-over-year change	26.1%	4.4%	8.9%	13.6%

[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 September 2020 were at a SAAR of 1,553,000. This was 5.2% greater than August 2020 and 8.1% greater than September 2019. SF permits were 1,119,000, which was 7.8% greater than August 2019. MF permits of two to four units were 44,000 and five units or more were 390,000 (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 814,000, of which 633,000 were SF and 181,000 were MF. The West followed with total permits of 382,000, of which 269,000 were SF and 113,000 were MF. Midwest total permits were 206,000, of which 146,000 were SF and 60,000 were MF. In the Northeast, total permits were 151,000, of which 71,000 were SF and 80,000 were MF (Census Bureau 2020a). Table 2 provides permit data for each permit category for September 2020.

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

	Total permits[a]	Single-family	Multi-family (2–4 units)[b]	Multi-family (≥5 units)
Sep-20	1,553,000	1,119,000	44,000	390,000
Aug-20	1,476,000	1,038,000	52,000	386,000
Sep-19	1,437,000	900,000	36,000	501,000
Month-over -month change	5.2%	7.8%	–15.4%	1.0%
Year-over-year change	8.1%	24.3%	22.2%	–22.2%
	Northeast	Midwest	South	West
Sep-20	151,000	206,000	814,000	382,000
Aug-20	120,000	188,000	798,000	370,000
Sep-19	131,000	177,000	756,000	373,000
Month-over-month change	25.8%	9.6%	2.0%	3.2%
Year-over -year change	15.3%	16.4%	7.7%	2.4%

[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 September 2020 was at a SAAR of 1,209,000. This was no change from August 2020 and 4.6% greater than September 2019. SF HUC was 539,000, which was 2.7% less than August 2020. MF HUC of two to four units were 11,000 and five units or more were 659,000 (Census Bureau 2020a).

Regionally, the South remained the strongest market, where total HUC was 541,000, of which 261,000 were SF and 280,000 were MF. The West followed with a total HUC of 336,000 units, of which 142,000 were SF and 194,000 were MF. The Northeast total HUC was 179,000, of which 57,000 were SF and 122,000 were MF. Midwest total HUC was 153,000, of which 79,000 were SF and 74,000 were MF (Census Bureau 2020a). Table 3 provides HUC data for September 2020.

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

	Total HUC[a]	Single-family	Multi-family (2–4 units)[b]	Multi-family (≥5 units)
Sep-20	1,209,000	539,000	11,000	659,000
Aug-20	1,209,000	525,000	12,000	672,000
Sep-19	1,156,000	521,000	11,000	624,000
Month-over-month change	0.0%	2.7%	–8.3%	–1.9%
Year-over-year change	4.6%	3.5%	0.0%	5.6%

	Northeast	Midwest	South	West
Sep-20	179,000	153,000	541,000	336,000
Aug-20	176,000	157,000	541,000	335,000
Sep-19	178,000	146,000	501,000	331,000
Month-over -month change	1.7%	–2.5%	0.0%	0.3%
Year-over-year change	0.6%	4.8%	8.0%	1.5%

[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 September 2020 were at a SAAR of 1,413,000. This was 15.3% greater than August 2020 and 25.8% greater than September 2019. SF completions were 921,000, which is 2.1% greater than August 2020. MF completions of two to four units were 12,000 and five units or more were 480,000 (Census Bureau 2020a).

The South remained the strongest market, where total completions were 755,000, of which 501,000 were SF and 254,000 were MF. The West followed with total completions of 351,000 units, of which 249,000 were SF and 102,000 were MF. Midwest total completions were 208,000, of which 123,000 were SF and 85,000 were MF. Total Northeast completions were 99,000, of which 48,000 were SF and 51,000 were MF (Census Bureau 2020a). Table 4 provides housing completion data for September 2020.

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

	Total completions[a]	Single-family	Multi-family (2–4 units)[b]	Multi-family (≥5 units)
Sep-20	1,413,000	921,000	12,000	480,000
Aug-20	1,226,000	902,000	9,000	315,000
Sep-19	1,123,000	852,000	3,000	268,000
Month-over-month change	15.3%	2.1%	33.3%	52.4%
Year-over-year change	25.8%	8.1%	300.0%	79.1%

	Northeast	Midwest	South	West
Sep-20	99,000	208,000	755,000	351,000
Aug-20	94,000	167,000	622,000	343,000
Sep-19	101,000	146,000	587,000	289,000
Month-over -month change	5.3%	24.6%	21.4%	2.3%
Year-over-year change	–2.0%	42.5%	28.6%	21.5%

[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 September 2020 were estimated at a SAAR of 959,000 units. This was a decrease of 3.5% from August 2020 and 32.1% greater than September 2019. Regionally, the South remained the strongest market with total new SF house sales of 563,000, followed by the West with 271,000. The Midwest recorded 93,000 sales, and the Northeast had 32,000.

The median sales price of new houses sold in September 2020 was $326,800, and the mean sales price was $405,400 (Census Bureau 2020b). Table 5 provides new SF sales data for September 2020.

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

	New SF sales[a]	Median price	Mean price	Month's supply
Sep-20	959,000	$326,800	$405,400	3.6
Aug-20	994,000	$322,400	$382,700	3.4
Sep-19	726,000	$315,700	$372,100	5.3
Month-over-month change	–3.5%	1.4%	5.9%	5.9%
Year-over-year change	32.1%	3.5%	8.9%	–32.1%

	Northeast	Midwest	South	West
Sep-20	32,000	93,000	563,000	271,000
Aug-20	45,000	97,000	591,000	261,000
Sep-19	34,000	69,000	442,000	181,000
Month-over - month change	–28.9%	–4.1%	–4.7%	3.8%
Year-over-year change	–5.9%	34.8%	27.4%	49.7%

[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 September's expenditure data bear this out. Total private residential construction spending for September 2020 was $610,871 thousand, a 2.8% increase from August 2020 and a 9.9% improvement from September 2019. SF construction spending was $305,843 thousand, and MF construction spending was $88,134 thousand. Improvement, or remodeling, spending was $216,894 thousand (Census Bureau 2020c). Table 6 provides data for each construction spending category for September 2020.

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

	Total private residential construction spending[a,b]	Single-family	Multi-family	Improve-ment[c]
Sep-20	$610,871	$305,843	$88,134	$216,894
Aug-20	$594,264	$289,302	$87,095	$217,867
Sep-19	$555,879	$282,651	$77,931	$195,297
Month-over-month change	2.8%	5.7%	1.2%	–0.4%
Year-over-year change	9.9%	8.2%	13.1%	11.1%

[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 September 2020 were at a SAAR of 6,540,000 units. This is a 9.4% increase from August 2020 and a 20.9% improvement from September 2019. Regionally, the South remained the strongest market, with total existing house sales of 2,800,000 units, followed by the Midwest at 1,510,000 units. The West had total existing sales of 1,370,000 units, and the Northeast had 860,000 units (FRED 2020). Table 7 provides existing house sales data for September 2020.

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

	Existing sales[a]	Median price	Mean price	Month's supply
Sep-20	6,540,000	$311,800	$343,300	2.7
Aug-20	5,980,000	$310,400	$342,300	3.0
Sep-19	5,410,000	$271,500	$307,500	4.0
Month-over-month change	9.4%	0.5%	0.3%	–10.0%
Year-over-year change	20.9%	14.8%	11.6%	–32.5%

	Northeast	Midwest	South	West
Sep-20	860,000	1,510,000	2,800,000	1,370,000
Aug-20	740,000	1,410,000	2,580,000	1,250,000
Sep-19	700,000	1,260,000	2,290,000	1,160,000
Month-over - month change	16.2%	7.1%	8.5%	9.6%
Year-over-year change	22.9%	19.8%	22.3%	18.1%

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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 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.

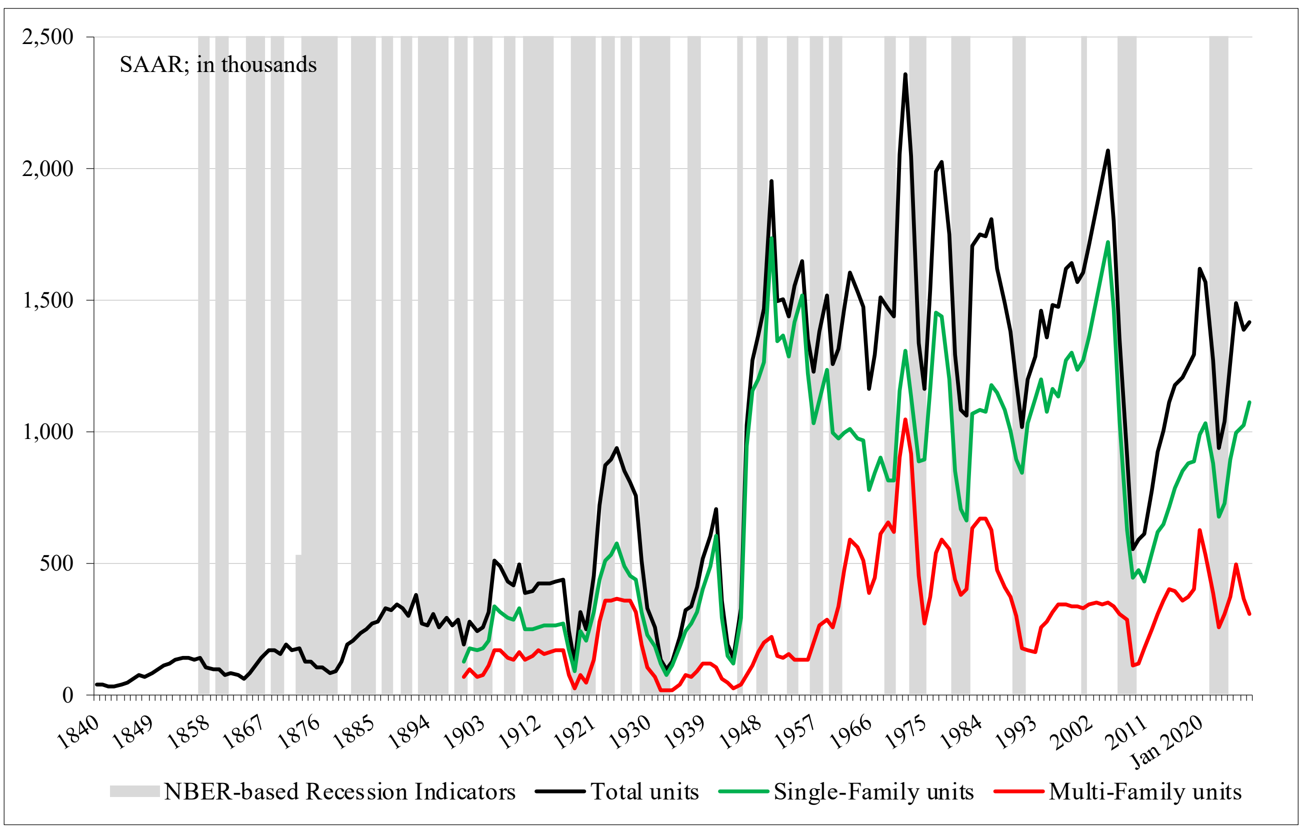

Figure 1. U.S. housing units and starts: 1840 to September 2020. Sources: Carliner (2010), Gottlieb (1964), National Bureau of Economic Research (NBER) (2020), and Census Bureau (2020a).