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United States Housing Brief, August 2020

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Abstract

In August, the U.S. housing market was mixed. Assessing the month-over-month data yielded increases for single-family starts and permits, housing under construction, new and existing house sales, and construction spending. On a year-over-year basis, most categories were positive, with the exceptions of multifamily starts, total and multifamily permits, and all completion categories. New house sales continued increasing, recording the largest sales number since 2006. Residential construction spending was positive month-over-month and year-over-year.

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, August 2020

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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 a month-over-month basis, the U.S. housing market was mixed. Conversely, on a year-over-year basis, subsector data were mostly positive in August.

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".

August 2020
Housing Scorecard

Category[a]		Month-over-month change		Year-over-year change
Housing starts (total)	▼	–5.1%	▲	2.8%
Single-family	▲	4.1%	▲	12.1%
Multi-family	▼	–22.7%	▼	–15.2%
Housing permits (total)	▼	–0.9%	▼	–0.1%
Single-family	▲	6.0%	▲	15.6%
Multi-family	▼	–14.2%	▼	–24.5%
Housing under construction (total)	▲	1.5%	▲	5.7%
Single-family	▲	2.0%	▲	1.0%
Multi-family	▲	1.2%	▲	9.5%
Housing completions (total)	▼	–7.5%	▼	–2.4%
Single-family	▼	–4.4%	▼	–2.8%
Multi-family	▼	–15.3%	▼	–1.2%
New single-family house sales	▲	4.8%	▲	43.2%
Private residential construction spending	▲	3.7%	▲	6.7%
Single-family construction spending	▲	5.5%	▲	2.9%
Existing house sales[b]	▲	2.4%	▲	10.5%

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

Starts

Total starts in August 2020 were at a seasonally adjusted annual rate (SAAR) of 1,416,000. This was 5.1% less than July 2020 and 2.8% greater than August 2019. Single-family (SF) starts were 1,021,000, which was 4.1% greater than July 2020. Multifamily (MF) starts of two to four units were 20,000 and five units or more were 375,000 (Census Bureau 2020a) (Fig. 1).

Regionally, the South remained the strongest market, where total starts were 699,000, of which 538,000 were SF and 161,000 were MF. The West followed with total starts of 361,000, of which 264,000 were SF and 97,000 were MF. Total Midwest starts were 267,000, of which 162,000 were SF and 105,000 were MF. The Northeast recorded total starts of 89,000, of which 57,000 were SF and 32,000 were MF (Census Bureau 2020a). Table 1 provides housing start data for each start category for August 2020.

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

	Total starts[a]	Single-family	Multi-family (2–4 units)[b]	Multi-family (≥5 units)
Aug-20	1,416,000	1,021,000	20,000	375,000
Jun-20	1,492,000	981,000	8,000	503,000
Aug-19	1,377,000	911,000	15,000	451,000
Month-over-month change	–5.1%	4.1%	150.0%	–25.4%
Year-over-year change	2.8%	12.1%	33.3%	–16.9%
	Northeast	Midwest	South	West
Aug-20	89,000	267,000	699,000	361,000
Jun-20	133,000	208,000	849,000	302,000
Aug-19	168,000	190,000	718,000	301,000
Month-over - month change	–33.1%	28.4%	–17.7%	19.5%
Year-over-year change	–47.0%	40.5%	–2.6%	19.9%

[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 August 2020 were at a SAAR of 1,470,000. This was 0.9% less than July 2020 and 0.1% less than August 2019. SF permits were 1,036,000, which was 6.0% greater than July 2019. MF permits of two to four units were 53,000 and five units or more were 381,000 (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 795,000, of which 596,000 were SF and 199,000 were MF. The West followed with total permits of 368,000, of which 245,000 were SF and 123,000 were MF. Midwest total permits were 188,000, of which 137,000 were SF and 51,000 were MF. In the Northeast, total permits were 119,000, of which 58,000 were SF and 61,000 were MF (Census Bureau 2020a). Table 2 provides permit data for each permit category for August 2020.

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

	Total permits[a]	Single-family	Multi-family (2–4 units)[b]	Multi-family (≥5 units)
Aug-20	1,470,000	1,036,000	53,000	381,000
Jun-20	1,483,000	977,000	45,000	461,000
Aug-19	1,471,000	896,000	42,000	533,000
Month-over - month change	–0.9%	6.0%	17.8%	–17.4%
Year-over-year change	–0.1%	15.6%	26.2%	–28.5%
	Northeast	Midwest	South	West
Aug-20	119,000	188,000	795,000	368,000
Jun-20	137,000	224,000	750,000	372,000
Aug-19	164,000	190,000	773,000	344,000
Month-over-month change	–13.1%	–16.1%	6.0%	–1.1%
Year-over - year change	–27.4%	–1.1%	2.8%	7.0%

[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 August 2020 was at a SAAR of 1,211,000. This was a 1.5% increase from July 2020 and 5.7% greater than August 2019. SF HUC was 521,000, which was 2.0% greater than July 2020. MF HUC of two to four units were 12,000 and five units or more were 678,000 (Census Bureau 2020a).

Regionally, the South remained the strongest market, where total HUC was 539,000, of which 246,000 were SF and 293,000 were MF. The West followed with a total HUC of 338,000 units, of which 141,000 were SF and 197,000 were MF. The Northeast total HUC was 174,000, of which 55,000 were SF and 119,000 were MF. Midwest total HUC was 160,000, of which 79,000 were SF and 81,000 were MF (Census Bureau 2020a). Table 3 provides HUC data for August 2020.

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

	Total HUC[a]	Single-family	Multi-family (2–4 units)[b]	Multi-family (≥5 units)
Aug-20	1,211,000	521,000	12,000	678,000
Jun-20	1,193,000	511,000	11,000	671,000
Aug-19	1,146,000	516,000	11,000	619,000
Month-over-month change	1.5%	2.0%	9.1%	1.0%
Year-over-year change	5.7%	1.0%	9.1%	9.5%

	Northeast	Midwest	South	West
Aug-20	174,000	160,000	539,000	338,000
Jun-20	174,000	152,000	533,000	334,000
Aug-19	178,000	145,000	495,000	328,000
Month-over - month change	0.0%	5.3%	1.1%	1.2%
Year-over-year change	–2.2%	10.3%	8.9%	3.0%

[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 August 2020 were at a SAAR of 1,233,000. This was 7.5% fewer than July 2020 and 2.4% fewer than August 2019. SF completions were 912,000, which is 4.4% less than July 2020. MF completions of two to four units were 9,000 and five units or more were 312,000 (Census Bureau 2020a).

The South remained the strongest market, where total completions were 638,000, of which 498,000 were SF and 140,000 were MF. The West followed with total completions of 334,000 units, of which 246,000 were SF and 88,000 were MF. Midwest total completions were 164,000, of which 109,000 were SF and 55,000 were MF. Total Northeast completions were 97,000, of which 59,000 were SF and 38,000 were MF (Census Bureau 2020a). Table 4 provides housing completion data for August 2020.

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

	Total completions[a]	Single-family	Multi-family (2–4 units)[b]	Multi-family (≥5 units)
Aug-20	1,233,000	912,000	9,000	312,000
Jun-20	1,333,000	954,000	10,000	369,000
Aug-19	1,263,000	938,000	10,000	315,000
Month-over-month change	–7.5%	–4.4%	–10.0%	–15.4%
Year-over-year change	–2.4%	–2.8%	–10.0%	–1.0%

	Northeast	Midwest	South	West
Aug-20	97,000	164,000	638,000	334,000
Jun-20	106,000	146,000	719,000	362,000
Aug-19	134,000	187,000	625,000	317,000
Month-over - month change	–8.5%	12.3%	–11.3%	–7.7%
Year-over-year change	–27.6%	–12.3%	2.1%	5.4%

[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 August 2020 were estimated at a SAAR of 1,011,000 units. This was an increase of 4.8% from July 2020 and 6.9% greater than August 2019. Regionally, the South remained the strongest market with total new SF house sales of 636,000, followed by the West with 234,000. The Midwest recorded 99,000 sales and the Northeast had 42,000.

The median sales price of new houses sold in August 2020 was $312,800, and the mean sales price was $369,000 (Census Bureau 2020b). Table 5 provides new SF sales data for August 2020.

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

	New SF sales[a]	Median price	Mean price	Month's supply
Aug-20	1,011,000	$312,800	$369,000	3.3
Jun-20	965,000	$327,800	$371,900	3.6
Aug-19	706,000	$327,000	$392,700	5.5
Month-over-month change	4.8%	–4.6%	–0.8%	–8.3%
Year-over-year change	43.2%	–4.3%	–6.0%	–40.0%

	Northeast	Midwest	South	West
Aug-20	42,000	99,000	636,000	234,000
Jun-20	40,000	126,000	561,000	238,000
Aug-19	33,000	64,000	424,000	185,000
Month-over - month change	5.0%	–21.4%	13.4%	–1.7%
Year-over-year change	27.3%	54.7%	50.0%	26.5%

[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 August's expenditure data bear this out. Total private residential construction spending for August 2020 was $589,437 million, a 3.7% increase from July 2020 and a 6.7% improvement from August 2019. SF construction spending was $287,884 million, and MF construction spending was $85,407 million. Improvement, or remodeling, spending was $216,146 million (Census Bureau 2020c). Table 6 provides data for each construction spending category for August 2020.

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

	Total private residential construction spending[a,b]	Single-family	Multi-family	Improvement[c]
Aug-20	$589,437	$287,884	$85,407	$216,146
Jun-20	$568,285	$272,870	$85,489	$209,926
Aug-19	$552,508	$279,716	$78,412	$194,380
Month-over-month change	3.7%	5.5%	-0.1%	3.0%
Year-over-year change	6.7%	2.9%	8.9%	11.2%

[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 August 2020 were at a SAAR of 6,000,000 units. This is a 2.4% increase from July 2020 and an 10.5% improvement from August 2019. Regionally, the South remained the strongest market, with total existing house sales of 2,600,000 units, followed by the Midwest at 1,410,000 units. The West had total existing sales of 1,250,000 units, and the Northeast had 740,000 units (FRED 2020). Table 7 provides existing house sales data for August 2020.

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

	Existing sales[a]	Median price	Mean price	Month's supply
Aug-20	6,000,000	$310,600	$342,500	3.1
Jun-20	5,860,000	$305,500	$338,000	3.0
Aug-19	5,430,000	$278,800	$314,900	4.0
Month-over-month change	2.4%	1.7%	1.3%	3.3%
Year-over-year change	10.5%	11.4%	8.8%	–22.5%

	Northeast	Midwest	South	West
Aug-20	740,000	1,410,000	2,600,000	1,250,000
Jun-20	650,000	1,390,000	2,580,000	1,240,000
Aug-19	700,000	1,290,000	2,300,000	1,140,000
Month-over - month change	13.8%	1.4%	0.8%	0.8%
Year-over-year change	5.7%	9.3%	13.0%	9.6%

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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 August 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.

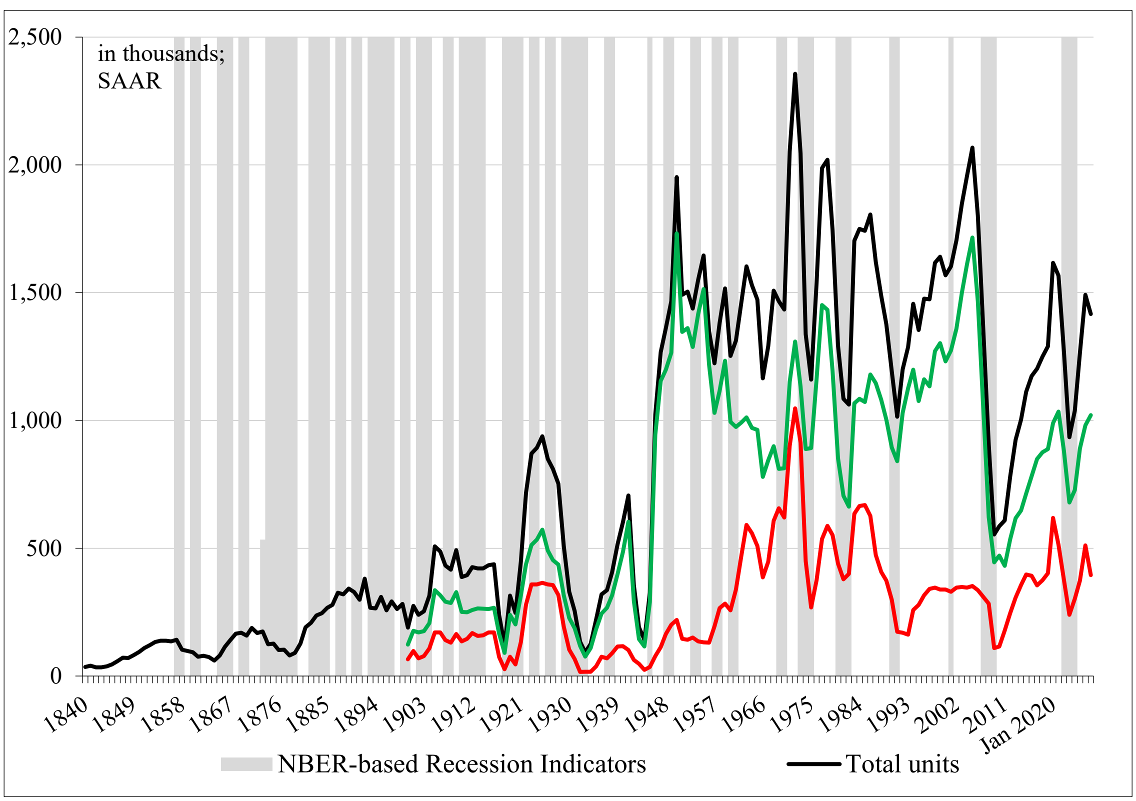

Figure 1. U.S. housing units and starts: 1840 to August 2020. Sources: Carliner (2010), Gottlieb (1964), National Bureau of Economic Research (NBER) (2020), and Census Bureau (2020a). (Black line, total units; green line, single-family units; red line, multifamily units.)