United States Department of Agriculture

United States Housing Brief, October 2020

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Abstract

In October, the aggregate U.S. housing market was mixed. Assessing the month-over-month data yielded decreases for multifamily permits and under construction, all three completion categories, and new single-family sales. Year-over-year, most categories were positive, with the exceptions of multifamily starts and permits, and single-family completions. Residential construction spending was positive month-over-month and year-over-year; and expenditures in August, September, and October are the greatest since the residential surge of 2005–2006. 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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United States Housing Brief, October 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, year-over-year subsector data were mostly positive in October.

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 2020
Housing Scorecard

Category[a]	**Month-over-month change**	**Year-over-year change**
Housing starts (total)	▲ 4.9%	▲ 14.2%
Single-family	▲ 6.4%	▲ 29.4%
Multifamily	0.0%	▼ 18.2%
Housing permits (total)	0.0%	▲ 2.8%
Single-family	▲ 0.6%	▲ 20.6%
Multifamily	▼ 1.6%	▼ 26.0%
Housing under construction (total)	▲ 1.2%	▲ 6.0%
Single-family	▲ 4.3%	▲ 8.5%
Multifamily	▼ 1.2%	▲ 3.9%
Housing completions (total)	▼ 4.5%	▲ 5.4%
Single-family	▼ 3.4%	▼ 4.0%
Multifamily	▼ 6.5%	▲ 29.9%
New single-family house sales	▼ 0.3%	▲ 41.5%
Private residential construction spending	▲ 2.9%	▲ 14.5%
Single-family construction spending	▲ 5.6%	▲ 13.3%
Existing house sales[b]	▲ 4.3%	▲ 26.6%

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

Starts

Total starts in October 2020 were at a seasonally adjusted annual rate (SAAR) of 1,530,000. This was 4.9% greater than September 2020 and 14.2% greater than October 2019. Single-family (SF) starts were 1,179,000, which was 6.4% greater than September 2020. Multifamily (MF) starts of two to four units were 17,000 and five units or more were 334,000 (Census Bureau 2020a) (Fig. 1).

Regionally, the South remained the strongest market, where total starts were 859,000, of which 682,000 were SF and 177,000 were MF. The West followed with total starts of 374,000, of which 287,000 were SF and 87,000 were MF. Total Midwest starts were 219,000, of which 155,000 were SF and 64,000 were MF. The Northeast recorded total starts of 78,000, of which 55,000 were SF and 23,000 were MF (Census Bureau 2020a). Table 1 provides housing start data for each start category for October 2020.

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

	Total starts[a]	Single-family	Multi-family (2–4 units)[b]	Multi-family (≥5 units)
Oct-20	1,530,000	1,179,000	17,000	334,000
Sep-20	1,459,000	1,108,000	6,000	345,000
Oct-19	1,340,000	911,000	12,000	417,000
Month-over-month change	4.9%	6.4%	183.3%	–3.2%
Year-over-year change	14.2%	29.4%	41.7%	–19.9%
	Northeast	Midwest	South	West
Oct-20	78,000	219,000	859,000	374,000
Sep-20	127,000	212,000	761,000	359,000
Oct-19	116,000	178,000	691,000	355,000
Month-over - month change	–38.6%	3.3%	12.9%	4.2%
Year-over-year change	–32.8%	23.0%	24.3%	5.4%

[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 October 2020 were at a SAAR of 1,545,000. This was no change from September 2020 and 2.8% greater than October 2019. SF permits were 1,120,000, which was 0.6% greater than September 2019. MF permits of two to four units were 60,000 and five units or more were 365,000 (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 821,000, of which 645,000 were SF and 176,000 were MF. The West followed with total permits of 377,000, of which 270,000 were SF and 107,000 were MF. Midwest total permits were 213,000, of which 145,000 were SF and 68,000 were MF. In the Northeast, total permits were 134,000, of which 60,000 were SF and 74,000 were MF (Census Bureau 2020a). Table 2 provides permit data for each permit category for October 2020.

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

	Total permits[a]	Single-family	Multi-family (2–4 units)[b]	Multi-family (≥5 units)
Oct-20	1,545,000	1,120,000	60,000	365,000
Sep-20	1,545,000	1,113,000	44,000	388,000
Oct-19	1,503,000	929,000	48,000	526,000
Month-over - month change	0.0%	0.6%	36.4%	–5.9%
Year-over-year change	2.8%	20.6%	25.0%	–30.6%
	Northeast	Midwest	South	West
Oct-20	134,000	213,000	821,000	377,000
Sep-20	148,000	207,000	815,000	375,000
Oct-19	155,000	183,000	790,000	375,000
Month-over-month change	–9.5%	2.9%	0.7%	0.5%
Year-over - year change	–13.5%	16.4%	3.9%	0.5%

[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 2020 was at a SAAR of 1,224,000. This was a 1.2% increase from September 2020 and 6.0% greater than October 2019. SF HUC was 564,000, which was 4.3% greater than September 2020. MF HUC of two to four units was 10,000 and five units or more was 650,000 (Census Bureau 2020a).

Regionally, the South remained the strongest market, where total HUC was 551,000, of which 276,000 were SF and 275,000 were MF. The West followed with a total HUC of 335,000 units, of which 148,000 were SF and 187,000 were MF. The Northeast total HUC was 178,000, of which 57,000 were SF and 121,000 were MF. Midwest total HUC was 160,000, of which 83,000 were SF and 77,000 were MF (Census Bureau 2020a). Table 3 provides HUC data for October 2020.

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

	Total HUC[a]	Single-family	Multi-family (2–4 units)[b]	Multi-family (≥5 units)
Oct-20	1,224,000	564,000	10,000	650,000
Sep-20	1,209,000	541,000	11,000	657,000
Oct-19	1,155,000	520,000	11,000	624,000
Month-over-month change	1.2%	4.3%	–9.1%	–1.1%
Year-over-year change	6.0%	8.5%	–9.1%	4.2%

	Northeast	Midwest	South	West
Oct-20	178,000	160,000	551,000	335,000
Sep-20	178,000	158,000	541,000	332,000
Oct-19	178,000	147,000	499,000	331,000
Month-over-month change	0.0%	1.3%	1.8%	0.9%
Year-over-year change	0.0%	8.8%	10.4%	1.2%

[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 2020 were at a SAAR of 1,343,000. This was 4.5% fewer than September 2020 and 5.4% greater than October 2019. SF completions were 883,000, which is 3.4% less than September 2020. MF completions of two to four units were 16,000 and five units or more were 444,000 (Census Bureau 2020a).

The South remained the strongest market, where total completions were 704,000, of which 482,000 were SF and 222,000 were MF. The West followed with total completions of 346,000 units, of which 224,000 were SF and 122,000 were MF. Midwest total completions were 196,000, of which 115,000 were SF and 81,000 were MF. Total Northeast completions were 97,000, of which 62,000 were SF and 35,000 were MF (Census Bureau 2020a). Table 4 provides housing completion data for October 2020.

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

	Total completions[a]	Single-family	Multi-family (2–4 units)[b]	Multi-family (≥5 units)
Oct-20	1,343,000	883,000	16,000	444,000
Sep-20	1,406,000	914,000	13,000	479,000
Oct-19	1,274,000	920,000	6,000	348,000
Month-over-month change	–4.5%	–3.4%	23.1%	–7.3%
Year-over-year change	5.4%	–4.0%	166.7%	27.6%

	Northeast	Midwest	South	West
Oct-20	97,000	196,000	704,000	346,000
Sep-20	95,000	201,000	744,000	366,000
Oct-19	119,000	159,000	635,000	361,000
Month-over-month change	2.1%	–2.5%	–5.4%	–5.5%
Year-over-year change	–18.5%	23.3%	10.9%	–4.2%

[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 2020 were estimated at a SAAR of 999,000 units. This was a decrease of 0.3% from September 2020 and 41.5% greater than October 2019. Regionally, the South remained the strongest market with total new SF house sales of 580,000, followed by the West with 269,000. The Midwest recorded 109,000 sales, and the Northeast had 41,000.

The median sales price of new houses sold in October 2020 was $330,600, and the mean sales price was $386,200 (Census Bureau 2020b). Table 5 provides new SF sales data for October 2020.

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

	New SF sales[a]	Median price	Mean price	Month's supply
Oct-20	999,000	$330,600	$386,200	3.3
Sep-20	1,002,000	$331,600	$403,900	3.3
Oct-19	706,000	$322,400	$380,300	5.5
Month-over-month change	–0.3%	–0.3%	–4.4%	0.0%
Year-over-year change	41.5%	2.5%	1.6%	–40.0%
	Northeast	**Midwest**	**South**	**West**
Oct-20	41,000	109,000	580,000	269,000
Sep-20	39,000	98,000	592,000	273,000
Oct-19	22,000	72,000	414,000	198,000
Month-over - month change	5.1%	11.2%	–2.0%	–1.5%
Year-over-year change	86.4%	51.4%	40.1%	35.9%

[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 October's expenditure data bear this out. Total private residential construction spending for October 2020 was $637,138 million, a 2.9% increase from September 2020 and a 14.5% improvement from October 2019. SF construction spending was $324,023 million, and MF construction spending was $90,162 million. Improvement, or remodeling, spending was $222,953 million (Census Bureau 2020c). Table 6 provides data for each construction spending category for October 2020.

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

	Total private residential construction spending[a, b]	Single-family	Multi-family	Improvement[c]
Oct-20	$637,138	$324,023	$90,162	$222,953
Sep-20	$619,090	$306,935	$89,110	$223,045
Oct-19	$556,693	$286,035	$76,126	$194,532
Month-over-month change	2.9%	5.6%	1.2%	0.0%
Year-over-year change	14.5%	13.3%	18.4%	14.6%

[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 2020 were at a SAAR of 6,850,000 units. This is a 4.3% increase from September 2020 and a 26.6% improvement from October 2019. Regionally, the South remained the strongest market, with total existing house sales of 2,910,000 units, followed by the Midwest at 1,640,000 units. The West had total existing sales of 1,400,000 units, and the Northeast had 900,000 units (FRED 2020). Table 7 provides existing house sales data for October 2020.

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

	Existing sales[a]	Median price	Mean price	Month's supply
Oct-20	6,850,000	$313,000	$345,100	2.5
Sep-20	6,570,000	$311,400	$343,100	2.7
Oct-19	5,410,000	$271,100	$307,300	3.9
Month-over-month change	4.3%	0.5%	0.6%	–7.4%
Year-over-year change	26.6%	15.5%	12.3%	–35.9%

	Northeast	Midwest	South	West
Oct-20	900,000	1,640,000	2,910,000	1,400,000
Sep-20	860,000	1,510,000	2,820,000	1,380,000
Oct-19	690,000	1,280,000	2,300,000	1,140,000
Month-over - month change	4.7%	8.6%	3.2%	1.4%
Year-over-year change	30.4%	28.1%	26.5%	22.8%

[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 October 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.

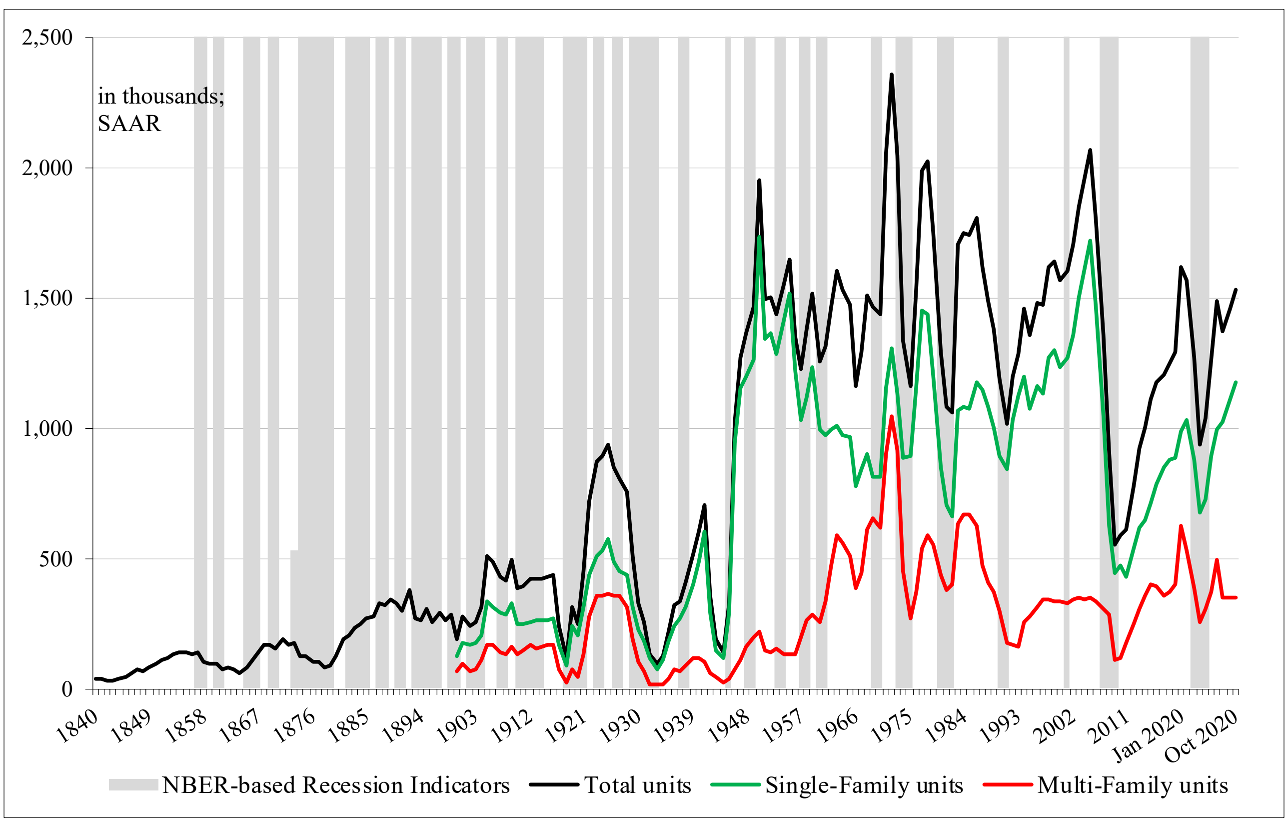

Figure 1. U.S. housing units and starts: 1840 to October 2020. Sources: Carliner (2010), Gottlieb (1964), National Bureau of Economic Research (NBER) (2020), and Census Bureau (2020a).