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United States Housing Brief, January 2021

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Abstract

January housing data showed the second consecutive month of total starts greater than 1.5 million units. However, total, single- and multifamily starts decreased month-over-month and year-over year. Aggregate (month-over-month and year-over-year) U.S. housing market data were mixed. New and existing house sales were positive month-over-month and year-over-year. Residential construction spending was positive month-over-month. On a year-over-year basis, total and single-family expenditures improved 21% and 24%, respectively.

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, January 2021

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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 markets were mixed in January, on both monthly and year-over-year 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".

January 2021
Housing Scorecard

Category[a]	**Month-over-month change**	**Year-over-year change**
Housing starts (total)	▲ 5.8%	▲ 5.2%
Single-family	▲ 12.0%	▲ 27.8%
Multifamily	▼ 13.6%	▼ 38.7%
Housing permits (total)	▲ 4.2%	▲ 17.0%
Single-family	▲ 7.6%	▲ 30.1%
Multifamily	▼ 3.4%	▼ 7.0%
Housing under construction (total)	▲ 0.6%	▲ 6.4%
Single-family	▲ 1.1%	▲ 16.1%
Multifamily	▲ 0.2%	▼ 1.3%
Housing completions (total)	▼ 2.3%	▲ 2.4%
Single-family	▲ 10.0%	14.3%
Multifamily	▼ 29.6%	▼ 24.8%
New single-family house sales	▲ 4.3%	▲ 19.3%
Private residential construction spending	▲ 2.5%	▲ 21.0%
Single-family construction spending	▲ 3.0%	▲ 24.2%
Existing house sales[b]	▲ 0.6%	▲ 23.7%

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

Starts

Total starts in January 2021 were at a seasonally adjusted annual rate (SAAR) of 1,580,000. This was 6.0% less than December 2020 and 2.3% less than January 2020. Single-family (SF) starts were 1,162,000, which was 12.2% less than December 2020. Multifamily (MF) starts of two to four units were 16,000 and five units or more were 402,000 (Census Bureau 2021a) (Fig. 1).

Regionally, the South remained the strongest market, where total starts were 829,000, of which 642,000 were SF and 187,000 were MF. The West followed with total starts of 396,000, of which 275,000 were SF and 121,000 were MF. Total Midwest starts were 221,000, of which 164,000 were SF and 57,000 were MF. The Northeast recorded total starts of 134,000, of which 81,000 were SF and 53,000 were MF (Census Bureau 2021a). Table 1 provides housing start data for each start category for January 2021.

Table 1—National and regional U.S. housing starts for January 2021 in comparison to December 2020 and January 2020

	Total starts[a]	Single-family	Multi-family (2–4 units)[b]	Multi-family (≥5 units)
Jan-21	1,580,000	1,162,000	16,000	402,000
Dec-20	1,680,000	1,323,000	11,000	346,000
Jan-20	1,617,000	989,000	9,000	619,000
Month-over-month change	–6.0%	–12.2%	45.5%	16.2%
Year-over-year change	–2.3%	17.5%	77.8%	–35.1%
	Northeast	Midwest	South	West
Jan-21	134,000	221,000	829,000	396,000
Dec-20	131,000	252,000	850,000	447,000
Jan-20	217,000	172,000	792,000	436,000
Month-over - month change	2.3%	–12.3%	–2.5%	–11.4%
Year-over-year change	–38.2%	28.5%	4.7%	–9.2%

[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 January 2021 were at a SAAR of 1,886,000. This was 10.7% greater than December 2020 and 22.8% greater than January 2020. SF permits were 1,270,000, which was 3.8% greater than December 2020. MF permits of two to four units were 56,000 and five units or more were 560,000 (Census Bureau 2021b). Historically, MF permits can be extremely variable, M/M and Y/Y.

Regionally, the South remained the strongest market, where total permits issued were 976,000, of which 717,000 were SF and 250,000 were MF. The West followed with total permits of 480,000, of which 295,000 were SF and 185,000 were MF. Midwest total permits were 246,000, of which 178,000 were SF and 68,000 were MF. In the Northeast, total permits were 193,000, of which 80,000 were SF and 113,000 were MF (Census Bureau 2021b). Table 2 provides data by each permit category for January 2021.

Table 2–National and regional U.S. housing permits for January 2021 in comparison to December 2020 and January 2020

	Total permits[a]	Single-family	Multi-family (2–4 units)[b]	Multi-family (≥5 units)
Jan-21	1,886,000	1,270,000	56,000	560,000
Dec-20	1,704,000	1,223,000	46,000	435,000
Jan-20	1,536,000	977,000	43,000	516,000
Month-over - month change	10.7%	3.8%	21.7%	28.7%
Year-over-year change	22.8%	30.0%	30.2%	8.5%
	Northeast	Midwest	South	West
Jan-21	193,000	246,000	967,000	480,000
Dec-20	140,000	248,000	881,000	435,000
Jan-20	179,000	217,000	754,000	386,000
Month-over-month change	37.9%	–0.8%	9.8%	10.3%
Year-over - year change	7.8%	13.4%	28.2%	24.4%

[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 January 2021 was at a SAAR of 1,280,000. This was a 0.6% increase from December 2020 and 6.4% greater than January 2020. SF HUC was 620,000, which was 1.1% greater than December 2020. MF HUC of two to four units were 11,000 and five units or more were 649,000 (Census Bureau 2021a).

Regionally, the South remained the strongest market, where total HUC was 526,000, of which 255,000 were SF and 271,000 were MF. The West followed with a total HUC of 343,000 units, of which 144,000 were SF and 199,000 were MF. The Northeast total HUC was 178,000, of which 55,000 were SF and 123,000 were MF. Midwest total HUC was 156,000, of which 80,000 were SF and 76,000 were MF (Census Bureau 2021a). Table 3 provides HUC data for January 2021.

Table 3—National and regional U.S. housing under construction for January 2021 in comparison to December 2020 and January 2020

	Total HUC[a]	Single-family	Multi-family (2–4 units)[b]	Multi-family (≥5 units)
Jan-21	1,280,000	620,000	11,000	649,000
Dec-20	1,272,000	613,000	10,000	649,000
Jan-20	1,203,000	534,000	12,000	657,000
Month-over-month change	0.6%	1.1%	10.0%	0.0%
Year-over-year change	6.4%	16.1%	–8.3%	–1.2%

	Northeast	Midwest	South	West
Jan-21	178,000	156,000	526,000	343,000
Dec-20	178,000	164,000	580,000	350,000
Jan-20	178,000	156,000	526,000	343,000
Month-over - month change	0.0%	–4.9%	–9.3%	–2.0%
Year-over-year change	0.0%	0.0%	0.0%	0.0%

[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 January 2021 were at a SAAR of 1,336,000. This was 2.3% less than December 2020 and 2.4% greater than January 2020. SF completions were 1,036,000, which is 10.0% greater than December 2020. MF completions of two to four units were 4,000 and five units or more were 296,000 (Census Bureau 2021a).

The South remained the strongest market, where total completions were 759,000, of which 594,000 were SF and 165,000 were MF. The West followed with total completions of 301,000 units, of which 227,000 were SF and 74,000 were MF. Midwest total completions were 175,000, of which 150,000 were SF and 25,000 were MF. Total Northeast completions were 101,000, of which 65,000 were SF and 36,000 were MF (Census Bureau 2021a). Table 4 provides housing completion data for January 2021.

Table 4—National and regional U.S. housing completions for January 2020 in comparison to December 2020 and January 2020

	Total completions[a]	Single-family	Multi-family (2–4 units)[b]	Multi-family (≥5 units)
Jan-21	1,336,000	1,036,000	4,000	296,000
Dec-20	1,368,000	942,000	13,000	413,000
Jan-20	1,305,000	906,000	10,000	389,000
Month-over-month change	–2.3%	10.0%	–69.2%	–28.3%
Year-over-year change	2.4%	14.3%	–60.0%	–23.9%

	Northeast	Midwest	South	West
Jan-21	101,000	175,000	759,000	301,000
Dec-20	118,000	190,000	720,000	340,000
Jan-20	104,000	184,000	634,000	383,000
Month-over - month change	–14.4%	–7.9%	5.4%	–11.5%
Year-over-year change	–2.9%	–4.9%	19.7%	–21.4%

[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 January 2021 were estimated at a SAAR of 923,000 units. This was an increase of 4.3% from December 2020 and 19.3% greater than January 2020. Regionally, the South remained the strongest market with total new SF house sales of 549,000, followed by the West with 236,000. The Midwest recorded 107,000 sales, and the Northeast had 31,000 (Census Bureau 2021c).

The median sales price of new houses sold in January 2021 was $346,400, and the mean sales price was $408,800 (Census Bureau 2021c). Table 5 provides new SF sales data for January 2021.

Table 5—National and regional new U.S. housing sales for January 2021 in comparison to December 2020 and January 2020

	New SF sales[a]	Median price	Mean price	Month's supply
Jan-21	923,000	$346,400	$408,800	4.0
Dec-20	885,000	$353,100	$394,700	4.1
Jan-20	774,000	$328,900	$384,000	5.0
Month-over-month change	4.3%	–1.9%	3.6%	–2.4%
Year-over-year change	19.3%	5.3%	6.5%	–20.0%

	Northeast	Midwest	South	West
Jan-21	31,000	107,000	549,000	236,000
Dec-20	36,000	95,000	533,000	221,000
Jan-20	34,000	97,000	391,000	252,000
Month-over - month change	–13.9%	12.6%	3.0%	6.8%
Year-over-year change	–8.8%	10.3%	40.4%	–6.3%

[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 January's expenditure data bear this out. Total private residential construction spending for January 2021 was $712,951 million, a 2.5% increase from December 2020 and a 24.2% improvement from January 2020. SF construction spending was $376,178 million and MF construction spending was $92,699 million. Improvement, or remodeling, spending was $244,074 million (Census Bureau 2021d). Table 6 provides data for each construction spending category for January 2021.

Table 6—National U.S. housing construction spending for January 2021 in comparison to December 2020 and January 2020

	Total private residential construction spending[a, b]	Single-family	Multi-family	Improvement[c]
Jan-21	$712,951	$376,178	$92,699	$244,074
Dec-20	$695,675	$365,117	$92,070	$238,488
Jan-20	$589,103	$302,789	$79,277	$207,037
Month-over-month change	2.5%	3.0%	0.7%	2.3%
Year-over-year change	21.0%	24.2%	16.9%	17.9%

[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 January 2021 were at a SAAR of 6,690,000 units. This is a 0.6% increase from December 2020 and a 23.7% improvement from January 2020. Regionally, the South remained the strongest market, with total existing house sales of 2,940,000 units, followed by the Midwest at 1,570,000 units. The West had total existing sales of 1,310,000 units, and the Northeast had 870,000 units (FRED 2021). Table 7 provides existing house sales data for January 2021.

Table 7—National and regional U.S. existing housing sales for January 2021 in comparison to December 2020 and January 2020

	Existing sales[a]	Median price	Mean price	Month's supply
Jan-21	6,690,000	$303,900	$337,700	1.9
Dec-20	6,650,000	$309,200	$342,000	1.9
Jan-20	5,410,000	$266,300	$302,900	3.1
Month-over-month change	0.6%	–1.7%	–1.3%	0.0%
Year-over-year change	23.7%	14.1%	11.5%	–38.7%

	Northeast	Midwest	South	West
Jan-21	870,000	1,570,000	2,940,000	1,310,000
Dec-20	890,000	1,540,000	2,850,000	1,370,000
Jan-20	700,000	1,280,000	2,350,000	1,080,000
Month-over - month change	–2.2%	1.9%	3.2%	–4.4%
Year-over-year change	24.3%	22.7%	25.1%	21.3%

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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.

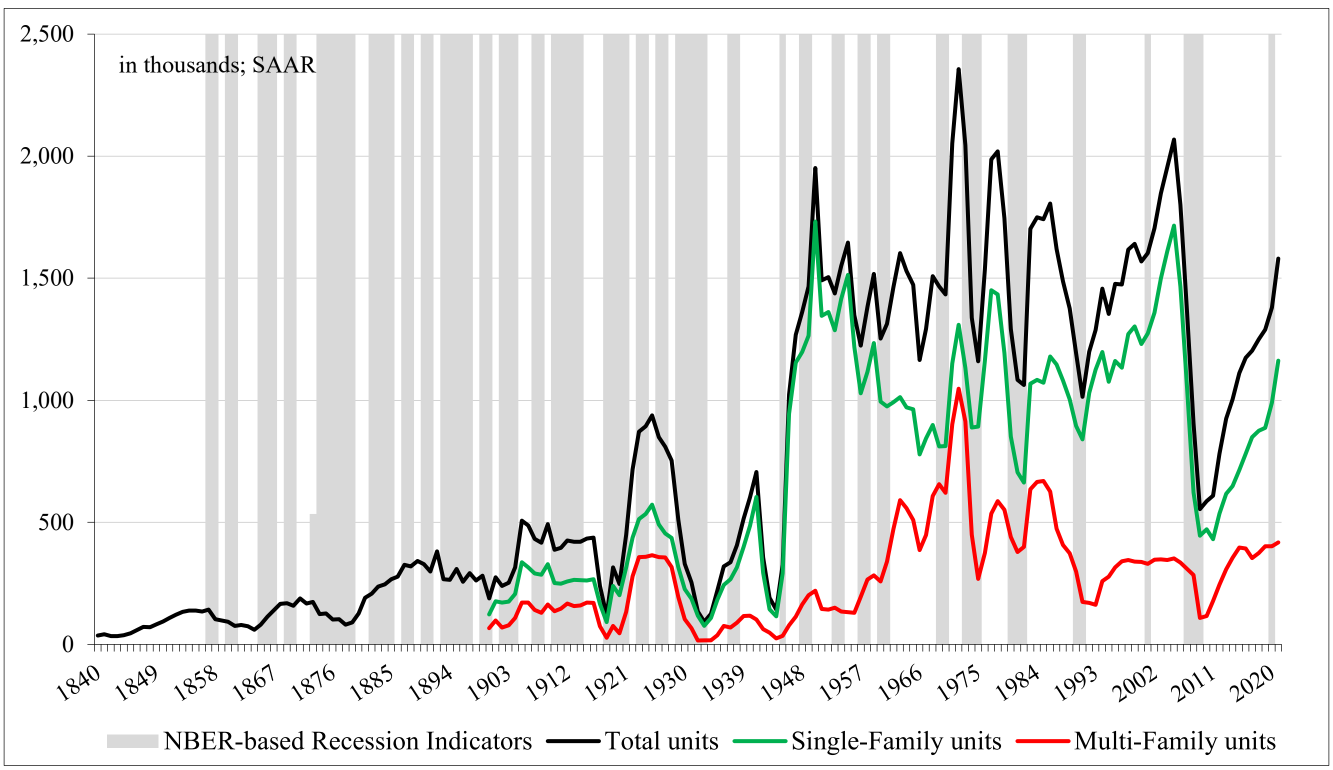

Figure 1. U.S. housing units and starts: 1840 to January 2021. Sources: Carliner (2010), Gottlieb (1964), and Census Bureau (2021a).