

September 2017 Housing Commentary



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September 2017 Housing Scorecard

	M/M	Y/Y
Housing Starts	▽ 4.7%	△ 6.1%
Single-Family Starts	▽ 4.6%	△ 5.9%
Building Permits	▽ 4.5%	▽ 4.3%
Housing Completions	△ 1.1%	△ 10.3%
New Single-Family House Sales	△ 18.9%	△ 17.0%
Existing House Sales ¹	△ 0.7%	▽ 1.5%
Private Residential Construction Spending	0.0%	△ 9.6%
Single-Family Construction Spending	△ 0.2%	△ 11.9%

M/M = month-over-month; Y/Y = year-over-year

Housing Data

	September	August	Sept. 2016
Total permits*	1,215,000	1,272,000	1,270,000
Single-family permits	819,000	800,000	749,000
Multi-family 2-4 unit permits	36,000	36,000	39,000
Multi-family ≥ 5 unit permits	360,000	436,000	482,000
Total starts	1,127,000	1,183,000	1,062,000
Single-family starts	829,000	869,000	783,000
Multi-family 2-4 unit starts**	12,000	9,000	14,000
Multi-family ≥ 5 unit starts	286,000	305,000	265,000
Total completions	1,109,000	1,097,000	1,005,000
Single-family completions	781,000	747,000	718,000
Multi-family 2-4 unit completions**	6,000	3,000	14,000
Multi-family ≥ 5 unit completions	322,000	347,000	273,000

* All data are presented at a seasonally adjusted annual rate (SAAR).

** US DOC does not report 2-4 multi-family starts and completions directly, this is an estimation.

Source: U.S. Department of Commerce-Construction: www.census.gov/construction/nrc/pdf/newresconst.pdf; 10/18/17

Housing Data

	September	August	Sept. 2016
New single-family sales	667,000	561,000	570,000
Median price	\$319,700	\$303,800	\$314,800
Existing sales ^a	5,390,000	5,350,000	5,470,000
Median price	\$245,100	\$253,100	\$235,200
Private Residential Construction	\$515.4 billion	\$515.6 billion	\$470.1 billion
SF construction	\$265.5 billion	\$265.0 billion	\$237.2 billion
MF construction	\$62.0 billion	\$61.6 billion	\$61.5 billion
Improvement construction ^b	\$187.9 billion	\$189.0 billion	\$171.4 billion

^a NAR®

^b The US DOC does not report improvements directly, this is an estimation. All data is SAAR and is reported in nominal US\$.

Sources:

U.S. Department of Commerce-Construction: www.census.gov/construction/nrs/pdf/newressales.pdf; 10/25/17

NAR® www.realtor.org/topics/existing-home-sales; 10/20/17

U.S. Department of Commerce-C30 Construction: www.census.gov/construction/c30/pdf/privsa.pdf; 11/01/17

Conclusions

Housing is unspectacularly moving along. However, prices are rising at a fast rate mostly due to low inventory. Rising prices are putting additional burdens on home buyers in addition to strict home loan lending standards and tepid income growth.

September's housing data is mixed – total starts are up down by 4.7% (m/m), single family homes starts are down by 4.6% (m/m), permits down by 4.5% (m/m), completions up by 1.1% (m/m), and existing home sales were up by 0.7% from the month before.

With meager economic growth (average growth since 2009 2.1%, slowest recovery since WWII) and with 51% of all worker's in the U.S. making less than \$30,000/year, it's hard to envision a scenario where the U.S. housing market returns to "normal" anytime soon. Slowing economies in China, Brazil, among others, and continuing problems in Europe's banking sector all add up to numerous negative macro-factors endangering a robust housing recovery, in particular:

- 1) a constrained quantity of well-paying jobs being created;
- 2) a tepid economy;
- 3) low real median annual household incomes;
- 4) strict home loan lending standards – though loosening with new programs
- 5) slow world economy; and
- 6) global uncertainty

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EU Housing Scorecard

		M/M	Y/Y
Production in Construction ^A	EU 28	▼ 0.4% ^s	▲ 3.1% ^s
	EU 19	▼ 0.2% ^s	▲ 1.6% ^s
	Germany	▼ 1.2%	▲ 4.0%
	France	▲ 0.1%	▲ 0.7%
	UK	▲ 0.8% ^p	▲ 2.5% ^p
	Spain	▼ 0.5% ^{ps}	▼ 0.4% ^p
Building permits (m ² floor) ^A	EU 28	--	--
	EU 19	▲ 1.5% ⁽⁰⁶⁾	▲ 12.7% ^{s(06)}
	Germany	▲ 0.6%	▲ 10.2%
	France	▲ 9.2% ^s	▲ 13.8% ^e
	UK	--	--
	Spain	▼ 7.3 ^{s(07)}	▲ 38.6 ^{e(07)}

M/M = month-over-month; Y/Y = year-over-year

Source: Eurostat (<http://ec.europa.eu/eurostat/web/short-term-business-statistics/data/main-tables>; 11/02/17)

^A see <http://ec.europa.eu/eurostat/web/short-term-business-statistics/overview/sts-in-brief>

^e estimate, ^s Eurostat estimate, ^p provisional, -- no data available, ⁽⁰⁶⁾ June data, ⁽⁰⁷⁾ July data

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