

# October 2017 Housing Commentary



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# October 2017 Housing Scorecard

	M/M	Y/Y
Housing Starts	△ 13.7%	▽ 2.9%
Single-Family Starts	△ 5.3%	△ 0.7%
Building Permits	△ 5.9%	△ 0.9%
Housing Completions	△ 12.6%	△ 15.5%
New Single-Family House Sales	△ 6.2%	△ 18.7%
Existing House Sales <sup>1</sup>	△ 2.0%	▽ 0.9%
Private Residential Construction Spending	△ 0.4%	△ 7.4%
Single-Family Construction Spending	△ 0.3%	△ 8.9%

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

# Housing Data

	October	September	Oct. 2016
Total permits*	1,297,000	1,225,000	1,285,000
Single-family permits	839,000	823,000	779,000
Multi-family 2-4 unit permits	42,000	35,000	32,000
Multi-family $\geq 5$ unit permits	416,000	367,000	474,000
Total starts	1,290,000	1,135,000	1,328,000
Single-family starts	877,000	833,000	871,000
Multi-family 2-4 unit starts**	20,000	16,000	10,000
Multi-family $\geq 5$ unit starts	393,000	286,000	447,000
Total completions	1,232,000	1,067,000	1,067,000
Single-family completions	793,000	772,000	755,000
Multi-family 2-4 unit completions**	6,000	7,000	7,000
Multi-family $\geq 5$ unit completions	433,000	314,000	305,000

\* 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](http://www.census.gov/construction/nrc/pdf/newresconst.pdf); 11/17/17

# Housing Data

	October	September	Oct. 2016
New single-family sales	685,000	645,000	577,000
Median price	\$312,800	\$324,900	\$302,800
Existing sales <sup>a</sup>	5,480,000	5,370,000	5,530,000
Median price	\$247,200	\$247,600	\$234,100
Private Residential Construction	\$517.7 billion	\$515.4 billion	\$482.0 billion
SF construction	\$267.3 billion	\$266.5 billion	\$243.4 billion
MF construction	\$60.7 billion	\$61.9 billion	\$62.2 billion
Improvement construction <sup>b</sup>	\$189.6 billion	\$187.0 billion	\$174.5 billion

<sup>a</sup> NAR®

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

Sources:

NAR® [www.realtor.org/topics/existing-home-sales](http://www.realtor.org/topics/existing-home-sales); 11/21/17

U.S. Department of Commerce-Construction: [www.census.gov/construction/nrs/pdf/newressales.pdf](http://www.census.gov/construction/nrs/pdf/newressales.pdf); 11/27/17

U.S. Department of Commerce-C30 Construction: [www.census.gov/construction/c30/pdf/privsa.pdf](http://www.census.gov/construction/c30/pdf/privsa.pdf); 12/01/17

# Conclusions

2017 sure was an interesting year, with the economy improving; inflation remaining muted; incomes improving (albeit slowly); job picture being good; and housing continuing to improve. That said, housing prices remain out of reach for many as supply continues to be a problem. Many existing owners are reluctant to list their homes because buying another one is often cost prohibitive. Builders are not building enough new homes for a variety of reasons - credit issues for small builders; increasing land costs; onerous regulations; and increasing construction labor costs due, in part, to labor shortages for numerous skills. In addition, the housing market is coping with serious long term issues that include: unfavorable demographics; an ongoing trend that young people favor urban life styles as opposed to the suburbs; and an uncertain political national and international climate.

October's housing data is positive – total starts are up by 13.7% (m/m), single family home starts are up by 5.3% (m/m), permits up by 5.9% (m/m), completions up by 12.6% (m/m), and existing home sales were up by 2.0% 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) strict home loan lending standards – though loosening with new programs

# September 2017

## EU Housing Scorecard

		M/M	Y/Y
Production in Construction <sup>A</sup>	EU 28	▽ 0.4% <sup>s</sup>	△ 2.6% <sup>s</sup>
	EU 19	△ 0.1% <sup>s</sup>	△ 3.1% <sup>s</sup>
	Germany	△ 0.6%	△ 4.7%
	France	▽ 0.2%	△ 2.0%
	UK	▽ 1.6% <sup>p</sup>	▽ 24.1% <sup>p</sup>
	Spain	△ 0.9% <sup>ps</sup>	△ 6.7% <sup>p</sup>
Building permits (m <sup>2</sup> floor) <sup>A</sup>	EU 28	--	--
	EU 19	△ 5.0% <sup>(o8)</sup>	△ 16.2% <sup>s(o8)</sup>
	Germany	▽ 7.9%	▽ 12.1%
	France	▽ 5.8% <sup>s</sup>	△ 2.1% <sup>e</sup>
	UK	--	--
	Spain	△ 3.5 <sup>s(o8)</sup>	△ 43.0 <sup>e(o8)</sup>

Source: Eurostat (<http://ec.europa.eu/eurostat/web/short-term-business-statistics/data/main-tables>; 12/17/17)

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

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

<sup>e</sup> estimate, <sup>s</sup> Eurostat estimate, <sup>p</sup> provisional, -- no data available, <sup>(o8)</sup> August data

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