

January 2018 Housing Commentary



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Table of Contents

- Slide 3: [Housing Scorecard](#)
- Slide 4: [New Housing Permits, Starts, & Completions](#)
- Slide 5: [New and Existing House Sales](#)
- Slide 5: [New Construction Data](#)
- Slide 6: [Conclusions](#)
- Slide 7: [European Construction Markets](#)
- Slide 8: [Disclaimer](#)

This report is a free monthly service of Virginia Tech. Past issues can be found at: <http://woodproducts.sbio.vt.edu/housing-report/>

January 2018 Housing Scorecard

	M/M	Y/Y
Housing Starts	△ 9.7%	△ 7.3%
Single-Family Starts	△ 3.7%	△ 7.6%
Building Permits	△ 7.4%	△ 7.4%
Housing Completions	▽ 1.9%	△ 7.7%
New Single-Family House Sales	▽ 7.8%	▽ 1.0%
Existing House Sales ¹	▽ 3.2%	▽ 4.8%
Private Residential Construction Spending	△ 0.3%	△ 4.2%
Single-Family Construction Spending	△ 0.6%	△ 8.8%

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

Housing Data

	January	December	Jan. 2017
Total permits*	1,396,000	1,300,000	1,300,000
Single-family permits	866,000	881,000	806,000
Multi-family 2-4 unit permits	51,000	37,000	29,000
Multi-family ≥ 5 unit permits	479,000	382,000	465,000
Total starts	1,326,000	1,209,000	1,236,000
Single-family starts	877,000	846,000	815,000
Multi-family 2-4 unit starts**	18,000	3,000	3,000
Multi-family ≥ 5 unit starts	431,000	360,000	418,000
Total completions	1,166,000	1,188,000	1,083,000
Single-family completions	850,000	832,000	802,000
Multi-family 2-4 unit completions**	11,000	13,000	4,000
Multi-family ≥ 5 unit completions	305,000	343,000	277,000

* 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; 02/16/18

Housing Data

	January	December	Jan. 2017
New single-family sales	593,000	643,000	599,000
Median price	\$323,000	\$336,700	\$315,200
Existing sales ^a	5,380,000	5,560,000	5,650,000
Median price	\$240,500	\$246,500	\$227,300
Private Residential Construction	\$523.2 billion	\$521.8 billion	\$502.0 billion
SF construction	\$277.7 billion	\$275.9 billion	\$255.2 billion
MF construction	\$61.1 billion	\$62.0 billion	\$62.6 billion
Improvement construction ^b	\$184.3 billion	\$183.9 billion	\$184.1 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:

NAR® www.realtor.org/topics/existing-home-sales; 02/21/18

U.S. Department of Commerce-Construction: www.census.gov/construction/nrs/pdf/newressales.pdf; 02/26/18

U.S. Department of Commerce-C30 Construction: www.census.gov/construction/c30/pdf/privsa.pdf; 03/01/18

Conclusions

Housing is gaining some strength primarily due to the multi-family sector. New single-family sales data continue to be extremely volatile, yet the other data improved on a month-to-month basis. Interest rates are heading up as the labor market tightens.

January's housing data is mostly positive – total starts are up by 9.7% (m/m), single family homes starts are up by 3.7% (m/m), permits up by 7.4% (m/m), completions down by 1.9% (m/m), and existing home sales were down by 3.2% 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) declining real median annual household incomes;
- 4) strict home loan lending standards – though loosening with new programs
- 5) slow world economy; and
- 6) global uncertainty

December 2017

EU Housing Scorecard

		M/M	Y/Y
Production in Construction ^A	EU 28	△ 0.8% ^s	△ 1.5% ^s
	EU 19	△ 0.1% ^s	△ 0.5% ^s
	Germany	▽ 1.7%	△ 4.5%
	France	△ 4.2%	△ 8.7%
	UK	△ 1.8% ^p	▽ 1.1% ^p
	Spain	▽ 4.4% ^{ps}	▽ 13.5% ^p
Building permits (m ² floor) ^A	EU 28	--	--
	EU 19	△ 0.8% ⁽¹¹⁾	△ 5.5% ^{s(11)}
	Germany	▽ 2.2% ⁽¹¹⁾	▽ 8.3%
	France	▽ 1.4% ^s	△ 1.2% ^e
	UK	--	--
	Spain	△ 5.0 ^{s(11)}	△ 18.4 ^{e(11)}

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>;
03/06/18)

^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 ⁽⁰⁸⁾ August data

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