

# May 2018 Housing Commentary



**Urs Buehlmann**

Department of Sustainable Biomaterials

Virginia Tech

Blacksburg, VA

540.231.9759

buehlmann@gmail.com

and

**Al Schuler**

Economist (retired)

Princeton, WV

# 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/>

# May 2018

## Housing Scorecard

	M/M	Y/Y
Housing Starts	△ 5.0%	△ 20.3%
Single-Family Starts	△ 3.9%	△ 18.3%
Building Permits	▽ 4.6%	△ 8.0%
Housing Completions	△ 1.9%	△ 10.4%
New Single-Family House Sales	△ 6.7%	△ 14.1%
Existing House Sales <sup>1</sup>	▽ 0.4%	▽ 3.0%
Private Residential Construction Spending	△ 0.8%	△ 6.6%
Single-Family Construction Spending	△ 0.6%	△ 8.2%

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

# Housing Data

	May	April	May 2017
Total permits*	1,301,000	1,364,000	1,205,000
Single-family permits	844,000	863,000	784,000
Multi-family 2-4 unit permits	36,000	41,000	35,000
Multi-family $\geq 5$ unit permits	421,000	460,000	386,000
Total starts	1,350,000	1,286,000	1,122,000
Single-family starts	936,000	901,000	791,000
Multi-family 2-4 unit starts**	10,000	22,000	14,000
Multi-family $\geq 5$ unit starts	404,000	363,000	317,000
Total completions	1,291,000	1,267,000	1,169,000
Single-family completions	890,000	802,000	798,000
Multi-family 2-4 unit completions**	12,000	12,000	11,000
Multi-family $\geq 5$ unit completions	389,000	453,000	360,000

\* 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); 06/19/18

# Housing Data

	May	April	May 2017
New single-family sales	689,000	646,000	604,000
Median price	\$313,000	\$318,500	\$323,600
Existing sales <sup>a</sup>	5,430,000	5,450,000	5,600,00
Median price	\$264,800	\$257,900	\$252,500
Private Residential Construction	\$553.8 billion	\$549.3 billion	\$519.6 billion
SF construction	\$288.3 billion	\$286.6 billion	\$266.5 billion
MF construction	\$61.9 billion	\$60.9 billion	\$59.4 billion
Improvement construction <sup>b</sup>	\$203.7 billion	\$201.8 billion	\$193.7 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); 06/20/18

U.S. Department of Commerce-Construction: [www.census.gov/construction/nrs/pdf/newressales.pdf](http://www.census.gov/construction/nrs/pdf/newressales.pdf); 06/25/18

U.S. Department of Commerce-C30 Construction: [www.census.gov/construction/c30/pdf/privsa.pdf](http://www.census.gov/construction/c30/pdf/privsa.pdf); 07/02/18

# Conclusions

May's housing data is mixed – total starts are up by 5.0% (m/m), single family homes starts are up by 3.9% (m/m), permits down by 4.6% (m/m), completions up by 1.9% (m/m), and existing home sales were down by 0.4% from the month before.

Numerous negative macro-factors endangering a robust housing markets exist, 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) slowing world economy; and
- 6) global uncertainty

# April 2018

## EU Housing Scorecard

		M/M	Y/Y
Production in Construction <sup>A</sup>	EU 28	△ 1.2% <sup>s</sup>	△ 0.9% <sup>s</sup>
	EU 19	△ 1.8% <sup>s</sup>	△ 1.8% <sup>s</sup>
	Germany	△ 1.1%	▽ 0.1%
	France	△ 2.9%	△ 0.5%
	UK	△ 0.6% <sup>p</sup>	▽ 2.1% <sup>p</sup>
	Spain	▽ 3.4% <sup>ps</sup>	▽ 2.0% <sup>p</sup>
Building permits (m <sup>2</sup> floor) <sup>A</sup>	EU 28	--	--
	EU 19	▽ 2.3% <sup>(o3)</sup>	▽ 0.6% <sup>s(o3)</sup>
	Germany	△ 4.0%	△ 12.3%
	France	▽ 5.6% <sup>s</sup>	▽ 0.2% <sup>e</sup>
	UK	--	--
	Spain	▽ 8.8% <sup>s(o3)</sup>	△ 6.5% <sup>e(o3)</sup>

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>; 11/14/18)

<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>(o3)</sup> August data

# Virginia Tech Disclaimer

## **Disclaimer of Non-endorsement**

Reference herein to any specific commercial products, process, or service by trade name, trademark, manufacturer, or otherwise, does not constitute or imply its endorsement, recommendation, or favoring by Virginia Tech. The views and opinions of authors expressed herein do not necessarily state or reflect those of Virginia Tech, and shall not be used for advertising or product endorsement purposes.

## **Disclaimer of Liability**

With respect to documents sent out or made available from this server, neither Virginia Tech nor any of its employees, makes any warranty, expressed or implied, including the warranties of merchantability and fitness for a particular purpose, or assumes any legal liability or responsibility for the accuracy, completeness, or usefulness of any information, apparatus, product, or process disclosed, or represents that its use would not infringe privately owned rights.

## **Disclaimer for External Links**

The appearance of external hyperlinks does not constitute endorsement by Virginia Tech of the linked web sites, or the information, products or services contained therein. Unless otherwise specified, Virginia Tech does not exercise any editorial control over the information you may find at these locations. All links are provided with the intent of meeting the mission of Virginia Tech's web site. Please let us know about existing external links you believe are inappropriate and about specific additional external links you believe ought to be included.

## **Nondiscrimination Notice**

Virginia Tech prohibits discrimination in all its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, genetic information, political beliefs, reprisal, or because all or a part of an individual's income is derived from any public assistance program. Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact the author. Virginia Tech is an equal opportunity provider and employer.