



United States Housing, 2012

Delton Alderman

ABSTRACT

Provides current and historical information on housing market in the United States. Information includes trends for housing permits and starts, housing completions for single and multifamily units, and sales and construction. This report will be updated annually.

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UNITED STATES HOUSING, 2012

The Great Recession was the largest peace-time economic downturn since the Great Depression of the 1930s. In December 2007 a global economic decline was noted and the Great Recession accelerated in September 2008. For the U.S. housing market, the Great Recession resulted in housing permits¹, housing starts and completions, and new and existing home sales being the lowest recorded since tracking of data began in 1963.

The year 2005 is now considered the peak of the modern housing boom, with 2.155 million building permits issued (seasonally adjusted annual rate [SAAR]), the most since 1972 (Table 1, Figure 1). But by 2009, housing permits had decreased to 583,000 (SAAR)—a 73 percent decrease.

Housing Permits

Permits can be used as forward-looking indicators and thus are valued data as they may provide an estimate for the future housing construction market. The U.S. housing market began improving in 2012, the result of the world and U.S. economies incrementally recovering from the most severe financial shock of the deepest economic downturn since World War II (Alderman and Shelburne 2012). The seasonally adjusted annual rate in January 2012 was 684,000 permits but by December of 2012 the SAAR of estimated permits had increased to 909,000.

¹ See glossary for definition of terms.

Table 1.—Housing permits, starts, and completions, by year and by month (2012)^{a,b}

	Permits	Starts	Completions
1999	1,663.5	1,641	1,604.9
2000	1,592.3	1,569	1,573.7
2001	1,636.7	1,603	1,570.8
2002	1,747.7	1,705	1,648.4
2003	1,889.2	1,848	1,678.7
2004	2,070.1	1,956	1,841.9
2005	2,155.3	2,068	1,931.4
2006	1,838.9	1,801	1,979.4
2007	1,398.4	1,355	1,502.8
2008	905.4	905	1,119.7
2009	583.0	554	794.4
2010	605.0	529	651.7
2011	610.7	607	585.2
2012 ^c			
Jan	684	720	542.0
Feb	707	718	572.0
Mar	769	706	587.0
Apr	723	747	663.0
May	784	706	605.0
Jun	760	754	628.0
Jul	811	728	673.0
Aug	801	750	682.0
Sep	890	843	659.0
Oct	868	889	739.0
Nov	900	851	675.0
Dec	909	954	675.0

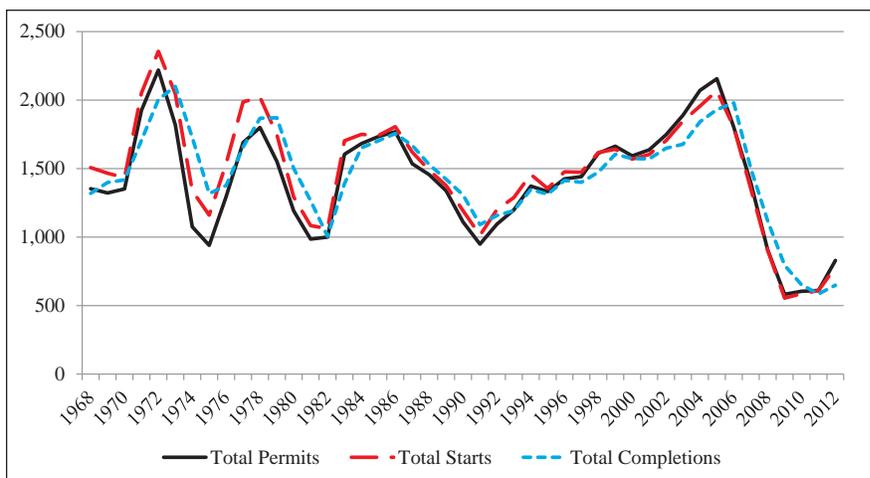
^a In thousands, annual and monthly data

^b Data are for conventional housing and do not include mobile home shipments.

^c Seasonally adjusted annual rate

Data source: Census Bureau 2013a.

Figure 1.—Housing permits, starts, and completions, 1968-2012, in thousands. Data source: Census Bureau 2013a.



Housing Starts

Housing starts, a slightly different indicator were 2.068 million in 2005, the second highest since 1972. In 2009 housing starts declined to 554,000. For 2012, the year began with 720,000 (SAAR) and rose to 954,000 by December (Table 1).

Housing Completions

There were 1.979 million housing completions in 2006, the most since 1973. In 2011, 582,500 completions were recorded. In January 2012 a seasonally adjusted 542,000 completions were noted, as compared to 675,000 in December (Table 1, Figure 1).

Single-family Housing

Single-family housing units use more softwood, hardwood, and wood composite products than any other type of building structure (Wood Products Council 2006). Thus, single-family housing data is an important metric for the forest products industry and many other industries.

In January 2012, 452,000 (SAAR) single-family permits were issued and in December 573,000 were recorded. For comparison, 1.378 million were issued in 2006.

In December 2012, 617,000 single-family starts were recorded, a 20.7 percent increase from January's 511,000 (SAAR). Single-family completions improved to 524,000 in December, nearly a 33 percent increase from January's 394,000 reported completions. In 2006, there were 1.654 million single-family completions recorded (Table 2, Figure 2).

Figure 2.—Single-family housing permits, starts, and completions, 1968-2012, in thousands.
Data source: Census Bureau 2013a.

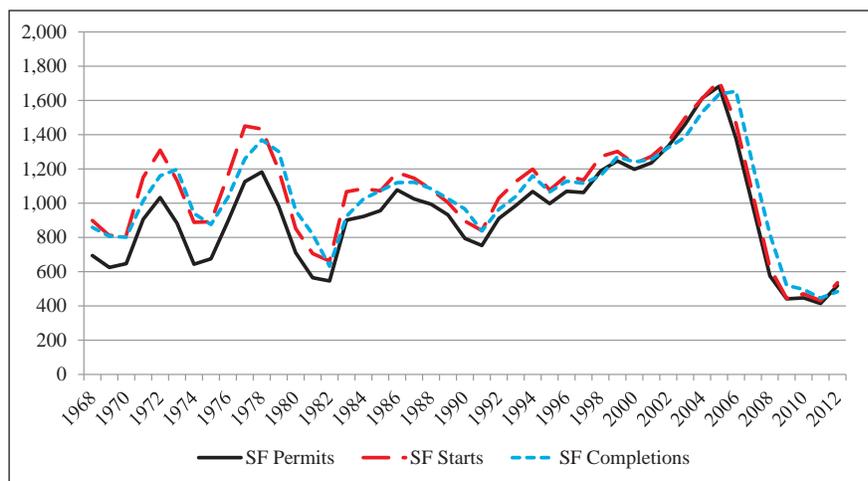


Table 2.—Single-family (SF) housing permits, starts, and completions by year and by month (2012)^a

	SF Permits	SF Starts	SF Completions
1999	1,246.7	1,302	1,270.4
2000	1,198.1	1,231	1,241.8
2001	1,235.6	1,273	1,255.9
2002	1,332.6	1,359	1,325.1
2003	1,460.9	1,499	1,386.3
2004	1,613.4	1,611	1,531.5
2005	1,682.0	1,716	1,635.9
2006	1,378.2	1,465	1,654.5
2007	979.9	1,046	1,218.4
2008	575.6	622	818.8
2009	441.1	445	520.1
2010	447.0	471	496.3
2011	413.6	431	446.3

2012^b

Jan	452	511	394
Feb	478	470	432
Mar	466	481	440
Apr	475	504	490
May	490	513	469
Jun	491	531	475
Jul	511	506	466
Aug	511	538	492
Sep	550	590	514
Oct	566	589	531
Nov	568	570	516
Dec	573	617	524

^a In thousands, annual and monthly data

^b Seasonally adjusted annual rate

Data source: Census Bureau 2013a.

Multifamily Housing

Multifamily housing has been a key component of the housing market for the past few years, though the overall numbers of units built is considerably less compared to 40 years ago. In January 2012, 232,000 (SAAR) multifamily housing permits were issued and in December 336,000 were recorded. The peak number of permits issued for multifamily was in 1972—1.037 million permits.

In December 2012, a seasonally adjusted 365,000 multifamily housing starts were recorded, a considerable increase from January's 209,000. Multifamily completions improved slightly to 151,000 (SAAR) in December from January's 148,000 (SAAR) reported completions. For comparison, in 2006, there were 325,000 (SAAR) multi-family completions recorded (Table 3, Figure 3). It should be noted that all segments of multifamily data are considered volatile on a month-to-month or quarterly basis.

Home Sales

New and existing house sales are important to the forest products industry. If houses are not being sold, demand for forest products typically decreases. For instance, new homes utilize softwoods, wood composites in the framing structure and subfloor, and hardwoods are used for flooring, cabinets, and mouldings. New home sales in 2012 were the lowest since this data collection began in 1963. The sale of new houses peaked in 2005 when 1.283 million units were

Table 3.—Multifamily (MF) housing permits, starts, and completions by year and by month (2012)^a

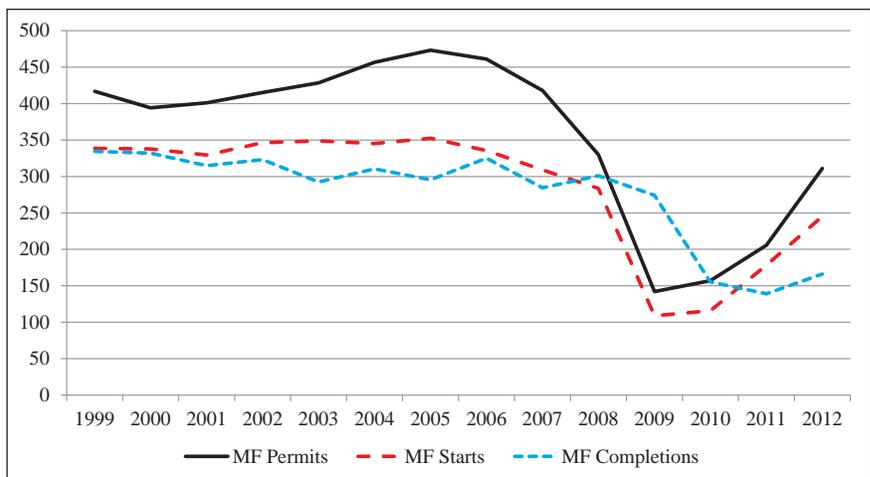
	MF Permits	MF Starts	MF Completions
1999	416.9	339	334.5
2000	394.2	338	334.5
2001	401.1	329	332
2002	415.1	346	315
2003	428.3	349	323
2004	456.6	345	292
2005	473.3	353	310
2006	460.7	336	296
2007	418.5	309	325
2008	329.8	284	284
2009	141.8	109	301
2010	157.3	116	274
2011	197.1	178	155
		2012 ^b	
Jan	232	193	148
Feb	229	240	140
Mar	303	215	147
Apr	248	234	173
May	294	178	136
Jun	269	215	148
Jul	300	211	207
Aug	290	205	190
Sep	340	245	145
Oct	302	281	208
Nov	332	268	159
Dec	325	333	151

^a In thousands, annual and monthly data

^b Seasonally adjusted annual rate

Data source: Census Bureau 2013a.

Figure 3.—Multifamily housing permits, starts, and completions, 1968-2012, in thousands.
Data source: Census Bureau 2013a.



recorded. In 2012, the monthly average was 365,917 (SAAR) new houses sold. In January 2012, 339,000 (SAAR) new house sales were reported and in December 378,000 (SAAR) were sold—an 11.5 percent increase for 2012 (Table 4, Figure 4).

Existing home sales provide insight into the current housing market and are important for the home improvement industry and by extension, the forest products industry. For the past several years, investors have purchased nearly 30 percent of existing homes (National Association of Realtors® 2013) primarily to become rental units. In 2005, 7.076 million existing houses were sold; at the 2008 nadir of the housing crisis, sales totaled 4.110 million. In January 2012, existing home sales were 4.630 million (SAAR) and in December 4.940 million (SAAR) were sold (Table 4, Figure 4).

Housing is a very important component to the U.S. gross domestic product (GDP) and overall economy. Housing contributions to GDP are valued in two discrete means: 1) private residential investment, and 2) consumption spending of housing services (National Association of Homebuilders 2013). Residential investment includes construction of new single-family and multifamily structures, residential remodeling, manufactured home production, and brokers' fees. Consumption spending on housing services includes gross rents (which include utilities) paid by renters and owners' imputed rent. Historically, residential investment has averaged roughly 5 percent of GDP, while housing services have averaged between 12 and 13 percent, for a combined 17 to 18 percent of GDP. These proportions tend to vary during business cycles (Figure 5).

Table 4.—New and existing house sales^a

	New House Sales	Existing House Sales
1999	881	5,184
2000	877	5,173
2001	908	5,333
2002	973	5,631
2003	1,086	6,176
2004	1,203	6,778
2005	1,283	7,076
2006	1,051	6,478
2007	776	5,040
2008	485	4,110
2009	375	4,340
2010	323	4,190
2011	302	4,260
	2012 ^b	
Jan	339	4,630
Feb	366	4,600
Mar	352	4,470
Apr	358	4,620
May	369	4,620
Jun	360	4,370
Jul	366	4,470
Aug	367	4,830
Sep	379	4,690
Oct	364	4,760
Nov	393	4,990
Dec	378	4,900

^a In thousands, annual and monthly data

^b Seasonally adjusted annual rate

Data sources: Census Bureau 2013b; National Association of Realtors® 2013

Figure 4.—New and existing house sales, 1968-2012, in thousands.
Data sources: Census Bureau 2013b, HUD 2013, National Association of Realtors® 2013.

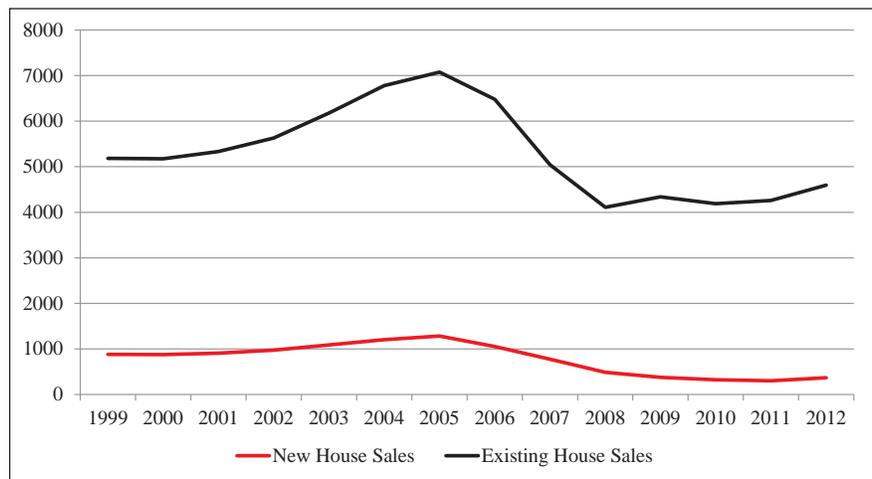
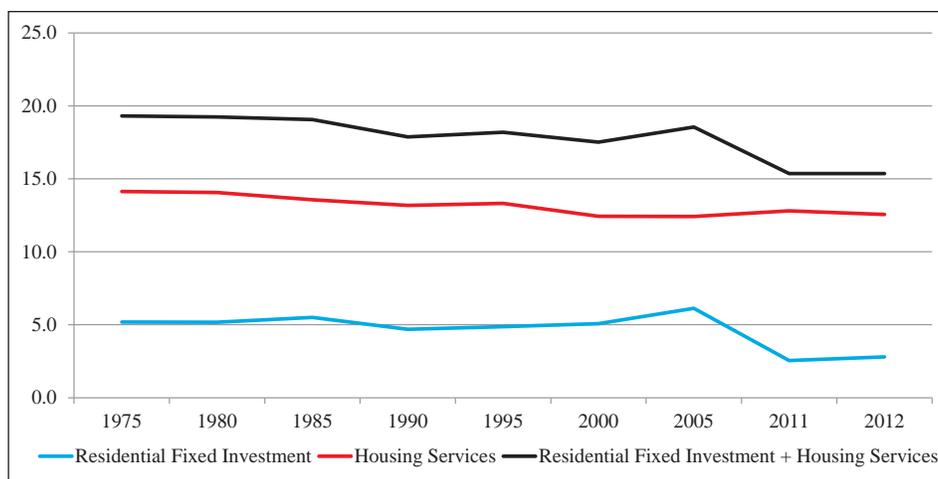


Figure 5.—Contribution of housing markets to gross domestic product, in percent of total GDP, 1976-2012. Data sources: Bureau of Economic Analysis 2013, National Association of Homebuilders 2013.



Residential Construction Spending

Private residential construction spending also is an important indicator for the overall health of the housing market. Collection of private residential construction data began in 1993; in 2005 \$433.5 million was spent for new single-family housing and \$52.8 million was spent for multifamily housing. For improvements or remodeling, \$144.9 million was spent in 2006 and spending totaled \$124.7 million in 2012 (Table 5, Figure 6). It should be noted that the Census Bureau does not report remodeling expenditures directly; these expenditures are reported as improvement spending.

In January 2012, private residential spending was projected at \$247.8 million (SAAR) and was revised upward to \$297.1 million December. By segment:

- Spending on new single-family homes totaled \$115.6 million (SAAR) in January and \$146.4 million (SAAR) in December
- Spending on multifamily housing was \$17.1 million (SAAR) in January and \$26.0 million (SAAR) in December 2012.
- Spending on improvements totaled \$115.1 million (SAAR) in January and \$124.7 million (SAAR) in December 2012 (Table 5, Figure 6).

Table 5.—Construction spending for single-family (SF), multifamily (MF), and improvements^a.

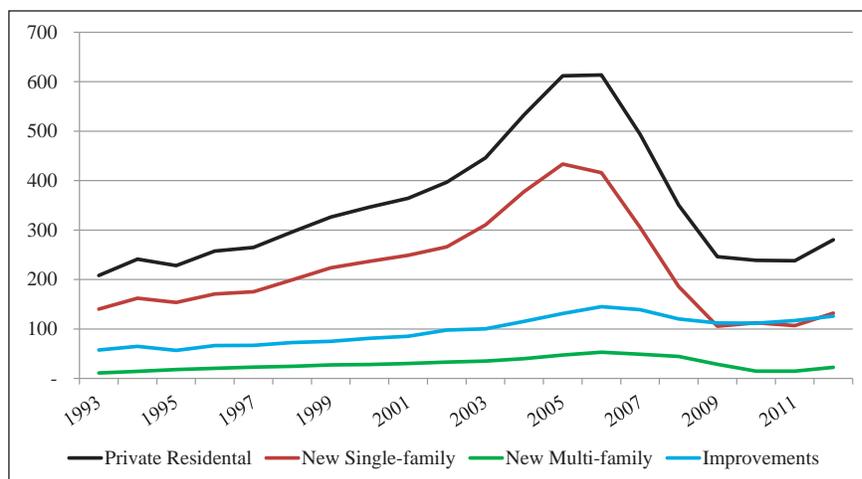
	SF Spending	MF Spending	Improvement Spending
1999	223,837	27,434	75,031
2000	236,788	28,259	81,091
2001	249,086	30,305	85,023
2002	265,889	32,952	97,855
2003	310,575	35,116	100,344
2004	377,557	39,944	115,399
2005	433,510	47,297	131,092
2006	415,997	52,803	144,931
2007	305,184	48,959	139,103
2008	185,776	44,338	120,144
2009	105,336	28,538	112,038
2010	112,569	14,668	111,564
2011	106,946	14,669	116,941
		2012 ^b	
Jan	115,599	17,108	115,147
Feb	117,837	17,784	117,019
Mar	117,712	18,028	113,712
Apr	119,578	19,631	114,936
May	121,805	20,642	120,189
Jun	125,556	21,661	124,082
Jul	127,667	21,906	125,151
Aug	131,612	22,355	128,463
Sep	136,378	22,637	131,479
Oct	141,543	23,851	134,452
Nov	144,457	24,365	130,664
Dec	146,430	25,010	124,696

^a In thousands of dollars, annual and monthly data

^b Seasonally adjusted annual rate

Data source: Census Bureau 2013c.

Figure 6.—Construction spending, in thousands of dollars, for single-family, multifamily, and improvements, 1968-2012. Data sources: Census Bureau 2013c, 2013d.



The U.S. housing market began a long awaited improving process in 2012 and many analysts are projected a modest improvement in 2013. There still remain potential headwinds for a return to a robust housing industry. Principal among them are a sluggish economy (Krugman 2013), stricter lending standards, elevated levels of shadow inventory, and foreclosures that may enter the market in states that use the judicial process for foreclosures. If these headwinds can be overcome, then possibly we can expect more improvement in the U.S. housing market.

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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 of the units in the buildings are counted as completed when 50 percent 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. Note that 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 September 1992, estimates of housing starts include units in structures being totally rebuilt on an existing foundation.

Judicial foreclosure state—A judicial foreclosure is a court proceeding that begins when the lender files a complaint and records a notice in the public land records announcing a claim on the property to potential buyers, creditors and other interested parties. Twenty-two states use the judicial foreclosure procedure as the primary method.

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, semidetached (semi-attached, side-by-side), row houses, and townhouses.

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