

February 2019

## Housing Health Report

How are metro areas faring amidst repeat housing declines?

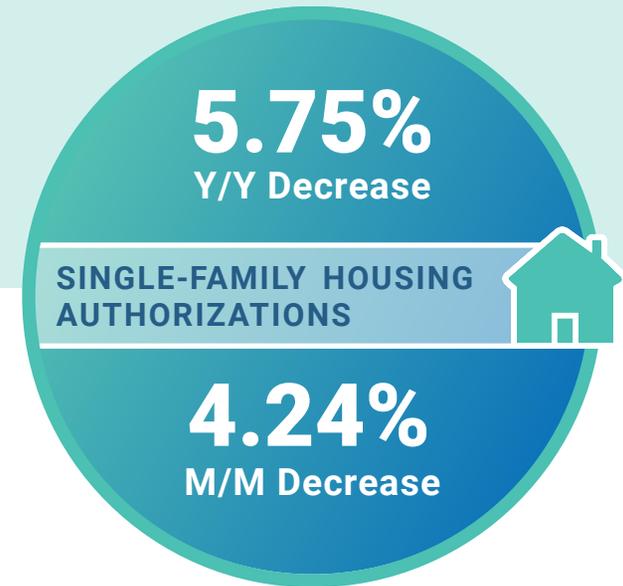
THE LEADING PROVIDER  
OF PROPERTY CONDITION  
AND HISTORY DATA.

- Repeat declines in single-family housing authorizations confirm the housing market slowdown is persisting.
- Housing activity in Dallas, New York City, Chicago and Washington D.C. rises despite U.S. housing market cooling.



## NEW HOUSING SUPPLY

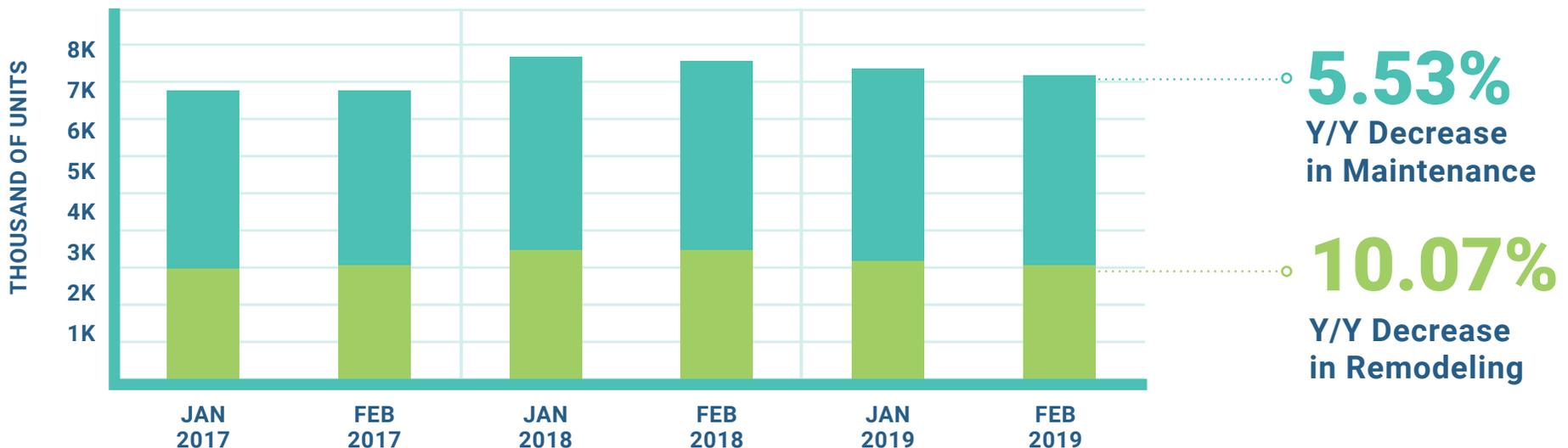
Single-family housing authorizations decreased 4.24 percent from January 2019 to February 2019 and 5.75 percent year over year. The trailing three-month outlook (December 2018 to February 2019) declined 2.77 percent – the third consecutive month of downward activity. Without relief from this steady decline in single-family housing authorizations, an economic slowdown is likely forthcoming.<sup>1</sup>



## EXISTING HOUSING SUPPLY

Existing housing maintenance and remodeling volumes, which encompass work on existing structures, have trended down for a fourth consecutive month, while spend has increased. In February 2019, maintenance volume decreased at a year-over-year rate of 5.53 percent, but maintenance spend increased 3.31 percent. Existing remodel volume – a subset of maintenance that includes renovations, additions and alterations – decreased at a year-over-year rate of 10.07 percent. However, remodel spend, an often-volatile subsection of construction activity, increased 1.61 percent in February. The increases in maintenance and remodel spend might be a product of recent spikes in U.S. construction labor costs.<sup>2</sup>

**EXISTING MAINTENANCE AND REMODEL VOLUME**



<sup>1</sup>BuildFax Housing Health Report, December 2018

<sup>2</sup>Federal Reserve Economic Data. Average Hourly Earnings of All Employees: Construction. (February 2019)



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**There have been persistent declines across key housing indicators for four consecutive months. However, we anticipate some economic relief as we head into 2019's spring home-buying season. Mortgage rates have reached recent lows leading to increased potential for home sales, which is oftentimes followed by a surge in remodeling activity.**

**The performance of single-family housing authorizations, maintenance and remodeling activity through this next season will shed light on whether declines in the housing market will spread to the broader economy.**

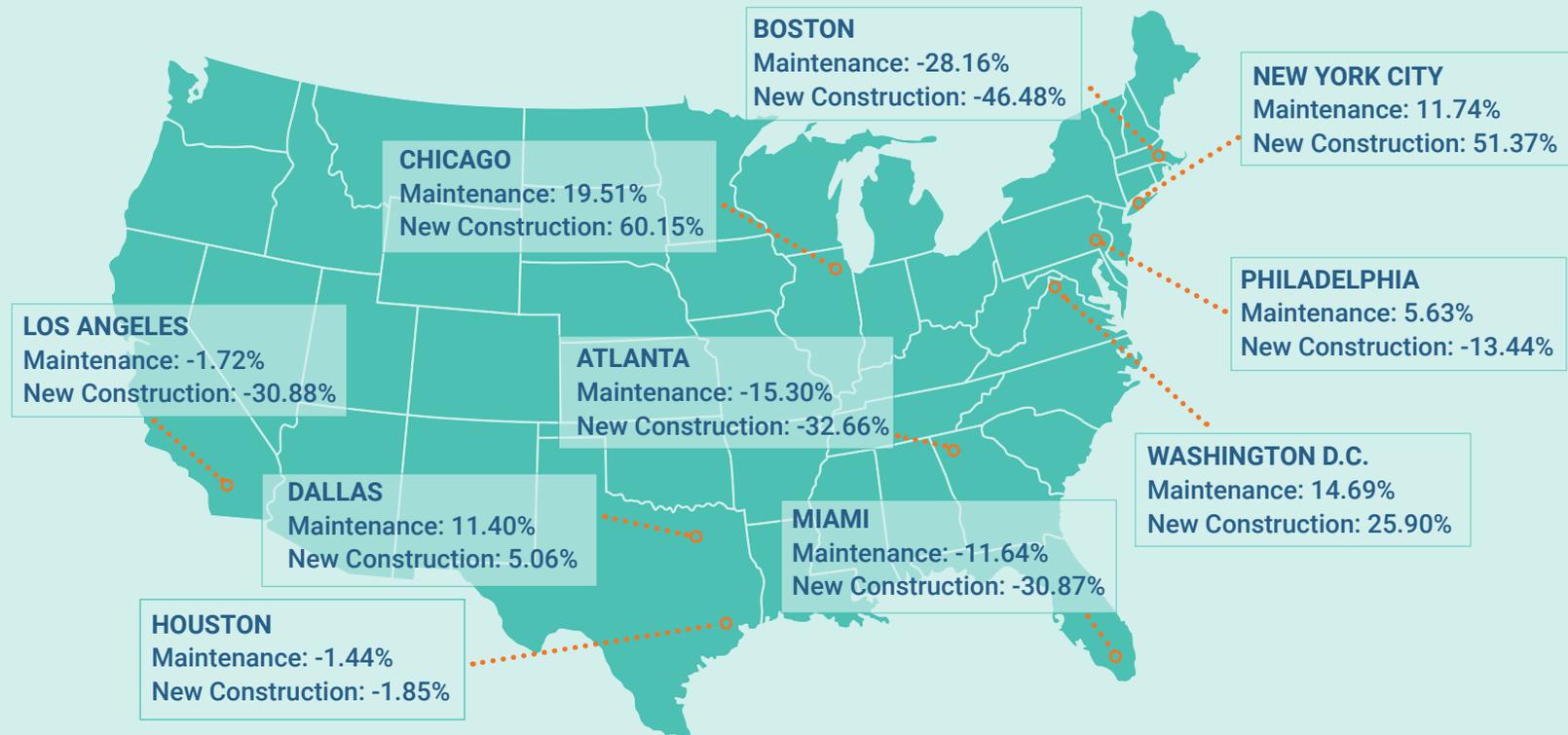
**HOLLY TACHOVSKY, CEO, BUILDFAQ**

## IN-DEPTH: A METRO-LEVEL VIEW OF HOUSING ACTIVITY

The U.S. housing market shows steady declines in key housing indicators on a national level. However, on the metro level, some cities mirror these patterns, while others are bucking national trends. BuildFax explored new construction, which encompasses single- and multi-family housing authorizations, and maintenance activity among the ten largest metropolitan statistical areas in the U.S.

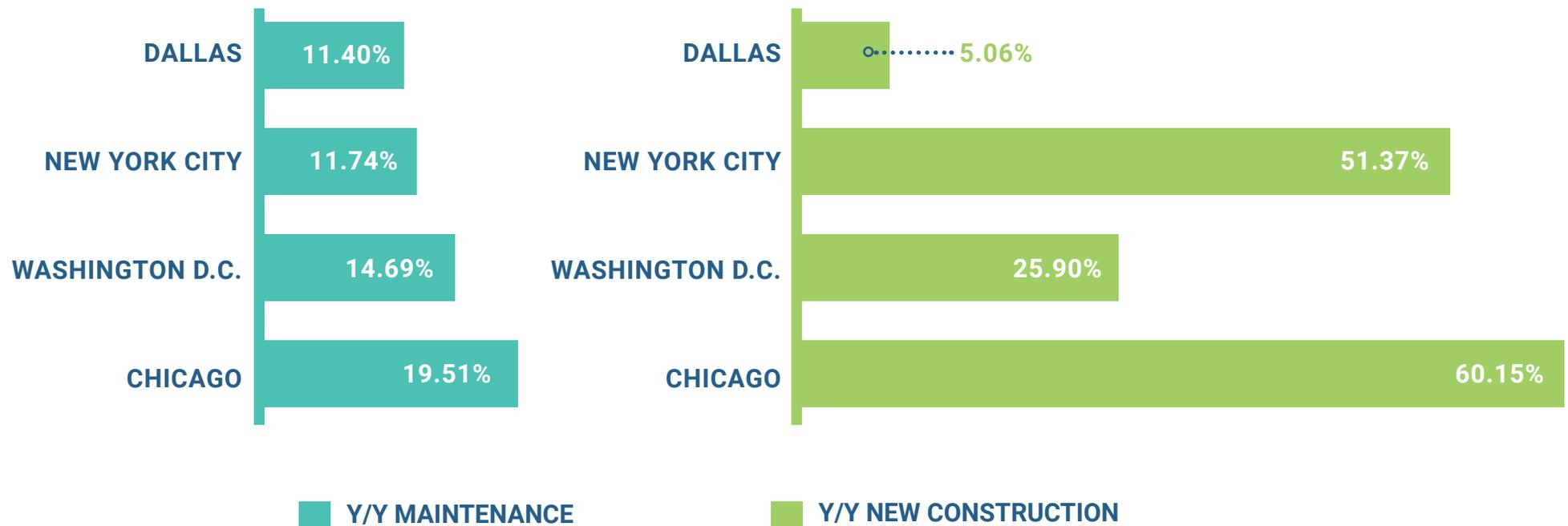
Five major metro areas saw blanket declines across new construction and maintenance. Boston's metro area experienced the greatest declines, followed by Atlanta, Los Angeles, Miami and Houston. In February, Boston's new construction and maintenance activity decreased 46.58 percent and 28.16 percent year over year. This decline suggests Boston properties may experience widespread, increased structure risk, especially considering impacts from severe snow storms in the Northeast over the past few months. Philadelphia was the only city to experience mixed performance. New construction declined, while maintenance activity rose. This may be a lasting effect of affordability concerns, limiting homeowners' ability to re-enter the housing market. Instead, they invest in their existing homes.

### MAINTENANCE AND NEW CONSTRUCTION: 10 LARGEST METROPOLITAN STATISTICAL AREAS, FEB 2019



Meanwhile, Dallas, New York City, Washington D.C. and Chicago experienced increases across both indicators. This is in stark contrast to national trends. Chicago saw the greatest rise in housing activity with new construction and maintenance volumes up 60.15 percent and 19.51 percent year over year. Chicago's increases could be attributed to the city's strategic five-year housing plan to combat affordability concerns in the region.<sup>3</sup> Increases in maintenance activity across the four metro areas are representative of state-level housing trends, in spite of national activity trending down. This month, just eight states saw an uptick in maintenance and new construction volume; among them are Illinois, Texas and New York at 14.77 percent, 9.17 percent and 8.75 percent respectively. It's yet to be seen whether housing activity in these cities will eventually slow as it has on a national level or if these will be key metros to watch as the U.S. potentially heads towards an economic slowdown.

### CITIES WITH INCREASES IN NEW AND EXISTING CONSTRUCTION



<sup>3</sup>Institute for Housing Studies at DePaul University. Overview of Chicago's Housing Market. (2018)



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**In the past five years, the 10 largest metros have closely mirrored national trends, rising steadily. However, in recent months, we've seen a shift in this pattern. Four major metros are seeing strong housing activity despite national declines.**

**If economic instability increases over the next few years, as some reports suggest, areas that are growing in spite of these trends will become progressively starker over time.**

**HOLLY TACHOVSKY, CEO, BUILDFAQ**

## ABOUT BUILDFAX

BuildFax, headquartered in Austin, Texas, is trusted by the largest insurance and financial institutions in the world to deliver business-critical property condition and history data. With the only database of its kind encompassing more than 23 billion data points on commercial and residential structures, BuildFax delivers detailed data on remodeling, solar installations, new construction, roof age, major systems, maintenance history and more.

## METHODOLOGY

BuildFax conducted this study by examining properties in the U.S. between the years 2013 and 2019. The statistics in this report are calculated using sampled data from across the U.S. All data is seasonally adjusted and imputed to reflect numbers representative of the entire country. Due to historical revisions made by permitting authorities, the data is subject to change. Estimates are as of March 8, 2019.



Learn more about our property condition  
and history data at [BuildFax.com](https://www.buildfax.com)

