

HIGHLIGHTS: US TRENDS IN HOUSING STARTS

Detached Housing Share at 6 Year High

November 2005

Americans continue to flock to new single-family detached housing. US Census Bureau figures through the third quarter of 2005 indicate the share of new housing starts in single family detached housing rose 1.2 percentage points between 2004 and 2005 (from 71.4 percent to 72.6 percent). The 72.6 percent detached share is at its highest point in six years.

New multiple family for-sale housing (principally condominiums) also exhibited a healthy trend, also up 1.2 percentage points between 2004 and 2005 (from 6.1 percent to 7.3 percent). This increase, which in percentage terms is greater than the single family detached increase has misled some analysts to suggest that Americans are switching to smaller condominium housing units in more dense areas. This is not a surprising conclusion, in view of the fact that so much of urban policy seeks such a trend and has been predicting it for some time.

However, this conclusion is a mistake. Virtually all of the increase in condominium housing starts has been at the expense of the *rental* market, not the single family detached market. From 2004 to 2005, rental unit housing starts fell 2.1 percentage points, more than the 1.2 percentage point condominium gain (Figure).

Meanwhile, house sizes continued to increase. The median single unit (detached and semi-detached) housing start was on course for a record 2,461 square feet (229 square meters) in 2005. The median multiple unit size was also on course for a record in 2005, at 1,262 square feet (117 square meters).

By international standards, Americans live in larger housing and receive superior value for their money. For example, the average new house in the United Kingdom is just 76 square meters, two-thirds smaller than the median US new multiple unit. The median new single unit house in the United States was nearly three times as large as the average new house size in the United Kingdom. Indeed, the increase (more than 80 square meters) in median new single unit house size since 1973 exceeds the size of a new house in the United Kingdom. Australian new house sizes are almost identical to the United States figure.

Further, American housing is built on larger lots. US Census Bureau data from 2003 indicates that 11.8 new houses were built per hectare (4.8 per acre) in the United States. This compares to the present rate of 40 per hectare (16.2 per acre) in the United Kingdom.

For data see: <http://www.demographia.com/db-hsgstart2005.htm>

US Housing Starts by Type

2004 & 2005

