Which cities did the most building in 2017?

Experts have said time and again that increased new residential construction is the key to bolstering inventory levels and slowing home price growth. So, exactly what role did homebuilders play to aid America's inventory issue?

According to Trulia's latest study, homebuilders have been quite busy — especially those in San Francisco, Austin, Boston, Nashville and Philadelphia, where they surpassed their historical permit averages by at least 62 percent.

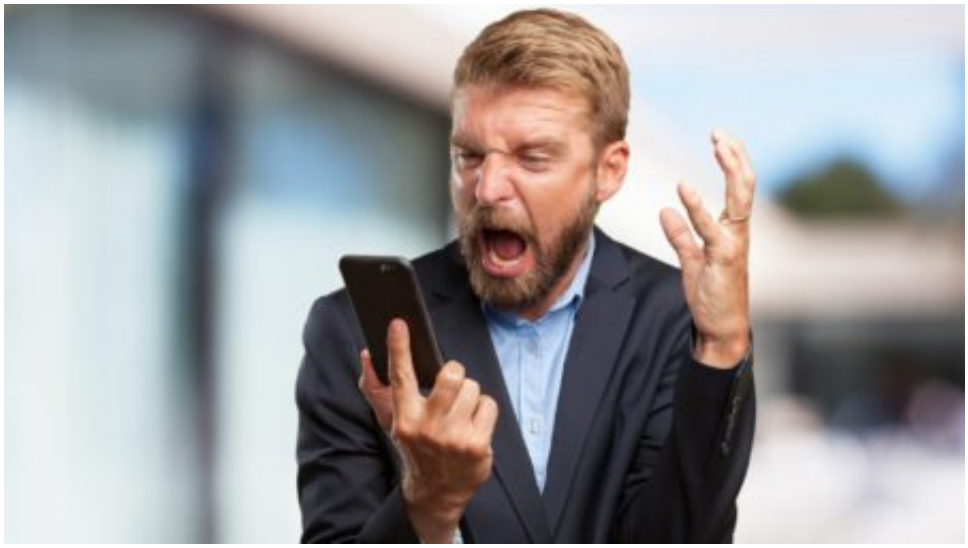
Metros Building More than their Historical Average					
U.S. Metro	2017 Permits Relative to Historic Average	2017 Total Permits	% Low Density Permits (Single Family Homes)	% Mid Density Permits (2-4 Units)	% High Density Permits (5+ Units)
San Francisco, CA	94.6%	6,270	6.8%	1.2%	91.9%
Austin, TX	79.5%	25,803	58.9%	0.7%	40.4%
Boston, MA	72.4%	8,422	22.3%	4.0%	73.8%
Nashville, TN	63.0%	19,292	65.4%	0.9%	33.7%
Philadelphia, PA	62.6%	3,802	30.9%	16.7%	52.4%
Dallas, TX	55.9%	47,244	53.8%	0.8%	45.5%
Charleston, SC	46.1%	7,373	63.9%	0.1%	36.0%
San Jose, CA	43.8%	8,565	30.6%	1.0%	68.5%
Denver, CO	40.3%	22,547	48.5%	1.5%	50.0%
Portland, OR	40.2%	17,034	39.2%	2.2%	58.6%
NOTE: Among 84 of the largest 100 U.S. metro areas with complete monthly permit reporting. Full data is available here. We define low, mid, and high density permits as one unit, two to four units, and five plus unit permits, respectively. The sum of these in columns above may not add up to 100% because of rounding.					

San Francisco rose to the top by approving 94.6 percent (6,270) more homes in 2017 than its average between 1980 and 2016. A little more than six percent (6.8) of those permits were for single-family homes, 1.2 percent were for mid-density properties with 2–4 units and 91.9 percent were for high-density properties with five units or more.

Although the uptick in building permits is good news, Trulia senior economist Cheryl Young says the results have to be put in perspective.

“Generally, San Francisco doesn’t build that much,” Young said in a phone interview with Inman. “So while that news is really good for San Francisco in general, I think it should be moderated by the fact that we don’t really do that many permits. But, it will relieve some of the inventory issues here.”

Six of the 10 cities that beat out their historical average in 2017 did so by focusing more than half of their building resources on high-density units. Only four cities — Austin, Nashville, Dallas, and Charleston — were able to have a majority of their permits go toward single-family homes.



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Metros Building the Most and Least in 2017			
Markets Building the Most in 2017		Markets Building the Least in 2017	
U.S. Metro	2017 Annualized Permit Activity	U.S. Metro	2017 Annualized Permit Activity
Dallas, TX	47,244	Worcester, MA	347
Houston, TX	42,673	Allentown, PA	408
New York, NY	40,687	New Haven, CT	467
Phoenix, AZ	29,653	Akron, OH	599
Austin, TX	25,803	Syracuse, NY	825
Denver, CO	22,547	Toledo, OH	838
Seattle, WA	22,403	Dayton, OH	1,170
Los Angeles, CA	21,563	Hartford, CT	1,510
Orlando, FL	19,432	Buffalo, NY	1,636
Nashville, TN	19,292	Lake County-Kenosha County, IL-WI	1,644
NOTE: Among 84 of the largest 100 U.S. metro areas with complete monthly permit reporting. Full data is available here.			

When it comes to sheer homebuilding volume, Dallas (47,244), Houston (42,673), New York City (40,687), Phoenix (29,653) and Austin (25,803) led the pack with at least 25,000 permits in 2017. On the other hand, Worcester, Massachusetts (347), Allentown, Pennsylvania (408) and New Haven, Connecticut (467) fell woefully behind.

In areas such as Dallas and Houston, where builders are popping out new homes like hot cakes, Young says homebuyers and experts shouldn't worry about overbuilding anytime soon.

"I think there's still a lot of room for absorption of supply," she said, noting the high demand, strong jobs growth and low unemployment rates in those metros.

While this is all great news heading into the spring homebuying season, Young notes that lower home prices won't come easily.

"It's going to take a lot more for prices to really go down," she said. "While we do see a little bit of relief coming up in 2018, we don't see prices dropping enough to say [homes] have become really 'affordable.' "

"It's still going to be a tight housing market, but there's a little bit of a silver lining for people looking for a home."

Email Marian McPherson

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