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United States Housing Brief, May 2022

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Forest Service

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Abstract

May 2022 data softness was concentrated in housing starts and permits, on a month-over-month basis. Year-over-year data indicated an improvement; however, single-family permits were negative again. This marks the third consecutive month of single-family starts and permits declining. This suggests further moderation in single-family activity in the upcoming months. Increased borrowing costs combined with rising house prices resulted in a major setback for new house sales. The number of potential buyers is dwindling quickly, and first-time buyers also are being constrained by increasing interest rates.

Keywords: housing permits, starts, under construction, completions, construction spending, new sales, existing sales, regional housing data, economic indicators

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United States Housing Brief, May 2022

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Summary

New single-family construction is the largest value-added wood-products-consuming sector and is a leading coincident economic indicator of the U.S. economy. May 2022 data softness was concentrated in housing starts and permits, on a month-over-month basis. Year-over-year data indicated an improvement; however, single-family permits were negative again. This marks the third consecutive month of single-family starts and permits declining. This suggests further moderation in single-family activity in the upcoming months. Increased borrowing costs combined with rising house prices resulted in a major setback for new house sales. The number of potential buyers is dwindling quickly, and first-time buyers also are being constrained by increasing interest rates.

This housing brief includes housing starts, permits, houses under construction, completions, sales, and construction spending data available from the U.S. Department of Commerce and the National Association of Realtors. The data are compared on month-over-month (M/M) and year-over-year (Y/Y) bases. For more detailed information and commentary, the monthly "Virginia Tech–U.S. Forest Service Housing Commentary" is available at http://woodproducts.sbio.vt.edu/housing-report. Additionally, in-depth semi-annual and annual housing construction research is available via Treesearch (https://www.fs.usda.gov/treesearch/) and inputting "Alderman".

May 2022
Housing Scorecard

Category[a]	Month-over-month change		Year-over-year change	
Housing starts (total)	▼	14.4%	▼	3.5%
Single-family	▼	9.2%	▼	5.3%
Multifamily	▼	23.7%	▲	0.6%
Housing permits (total)	▼	7.0%	▲	0.2%
Single-family	▼	5.2%	▼	7.6%
Multifamily	▼	9.8%	▲	16.5%
Housing under construction (total)	▲	0.4%	▲	24.3%
Single-family	NC[b]	0.0%	▲	24.5%
Multifamily	▲	0.7%	▲	24.2%
Housing completions (total)	▲	9.1%	▲	9.3%
Single-family	▲	2.8%	▲	8.5%
Multifamily	▲	28.7%	▲	11.3%
New single-family house sales	▲	10.7%	▼	5.9%
Private residential construction spending	▲	0.2%	▲	19.0%
Single-family construction spending	NC	0.0%	▲	15.1%
Existing house sales[c]	▼	3.4%	▼	8.6%

[a] Data from U.S. Census Bureau–Construction.
[b] No change.
[c] Data from Federal Reserve Bank of St. Louis (FRED).

Starts

Total starts in May 2022 were at a seasonally adjusted annual rate (SAAR) of 1,549,000. This was 14.4% less than April and 3.5% less than May 2021. Single-family (SF) starts were 1,051,000, which was 9.2% less than May 2021. Multifamily (MF) starts of two to four units were 29,000 and five units or more were 469,000 (Census Bureau 2022a) (Fig. 1).

Regionally, the South remained the strongest market, where total starts were 803,000, of which 596,000 were SF and 207,000 were MF. The West followed with total starts of 356,000, of which 254,000 were SF and 102,000 were MF. Total Midwest starts were 217,000, of which 143,000 were SF and 74,000 were MF. The Northeast recorded total starts of 173,000, of which 58,000 were SF and 115,000 were MF (Census Bureau 2022a). Table 1 provides housing start data for each start category for May 2022.

Table 1—National and regional U.S. housing starts for May 2022 in comparison to April 2022 and May 2021

	Total starts[a]	Single-family	Multi-family (2–4 units)[b]	Multi-family (≥5 units)
May-22	1,549,000	1,051,000	29,000	469,000
Apr-22	1,810,000	1,157,000	12,000	641,000
May-21	1,605,000	1,110,000	10,000	485,000
Month-over-month change	–14.4%	–9.2%	141.7%	–26.8%
Year-over-year change	–3.5%	–5.3%	190.0%	–3.3%
	Northeast	Midwest	South	West
May-22	173,000	217,000	803,000	356,000
Apr-22	151,000	213,000	1,013,000	433,000
May-21	137,000	263,000	809,000	396,000
Month-over -month change	14.6%	1.9%	–20.7%	–17.8%
Year-over-year change	26.3%	–17.5%	–0.7%	–10.1%

[a] Source: U.S. Department of Commerce–Construction (SAAR).
[b] Multifamily two- to four-unit starts are not reported directly but are an estimation: 2 to 4 starts = (Total starts – (SF starts + MF ≥5 starts)).

Permits

Total building permits issued in May 2022 were at a SAAR of 1,695,000. This was 7.0% less than April and 0.2% greater than May 2021. SF permits were 1,051,000, which was 5.2% less than May 2021. MF permits of two to four units were 55,000 and five units or more were 589,000 (Census Bureau 2022b). Historically, MF permits can be extremely variable, M/M and Y/Y.

Regionally, the South remained the strongest market, where total permits issued were 941,000, of which 624,000 were SF and 317,000 were MF. The West followed with total permits of 396,000, of which 234,000 were SF and 162,000 were MF. Midwest total permits were 230,000, of which 132,000 were SF and 98,000 were MF. In the Northeast, total permits were 128,000, of which 61,000 were SF and 67,000 were MF (Census Bureau 2022b). Table 2 provides data by each permit category for May 2022.

Table 2–National and regional U.S. housing permits for May 2022 in comparison to April 2022 and May 2021

	Total permits[a]	Single-family	Multi-family (2–4 units)[b]	Multi-family (≥5 units)
May-22	1,695,000	1,051,000	55,000	589,000
Apr-22	1,823,000	1,109,000	56,000	658,000
May-21	1,691,000	1,138,000	59,000	494,000
Month-over -month change	–7.0%	–5.2%	–1.8%	–10.5%
Year-over-year change	0.2%	–7.6%	–6.8%	19.2%
	Northeast	Midwest	South	West
May-22	128,000	230,000	941,000	396,000
Apr-22	163,000	250,000	989,000	421,000
May-21	158,000	217,000	914,000	402,000
Month-over-month change	–21.5%	–8.0%	–4.9%	–5.9%
Year-over -year change	–19.0%	6.0%	3.0%	–1.5%

[a] Source: U.S. Census Bureau–Construction (SAAR).
[b] Multifamily two- to four-unit permits are not reported directly but are an estimation: 2 to 4 permits = (Total permits – (SF permits + MF ≥5 permits)).

Housing under Construction

Total housing under construction (HUC) issued in May 2022 was at a SAAR of 1,665,000. This was a 0.4% increase from April and 24.3% greater than May 2021. SF HUC was 822,000, no change from April. MF HUC of two to four units were 15,000 and five units or more were 828,000 (Census Bureau 2022a).

Regionally, the South remained the strongest market, where total HUC was 759,000, of which 433,000 were SF and 326,000 were MF. The West followed with a total HUC of 469,000 units, of which 214,000 were SF and 255,000 were MF. Midwest total HUC was 222,000, of which 115,000 were SF and 107,000 were MF. Northeast total HUC was 215,000, of which 60,000 were SF and 155,000 were MF (Census Bureau 2022a). Table 3 provides HUC data for May 2022.

Table 3—National and regional U.S. housing under construction for May 2022 in comparison to April 2022 and May 2021

	Total HUC[a]	Single-family	Multi-family (2–4 units)[b]	Multi-family (≥5 units)
May-22	1,665,000	822,000	15,000	828,000
Apr-22	1,659,000	822,000	13,000	824,000
May-21	1,339,000	660,000	13,000	666,000
Month-over-month change	0.4%	0.0%	15.4%	0.5%
Year-over-year change	24.3%	24.5%	15.4%	24.3%
	Northeast	Midwest	South	West
May-22	215,000	222,000	759,000	469,000
Apr-22	212,000	217,000	761,000	469,000
May-21	197,000	172,000	596,000	374,000
Month-over - month change	1.4%	2.3%	–0.3%	0.0%
Year-over-year change	9.1%	29.1%	27.3%	25.4%

[a] Source: U.S. Department of Commerce–Construction (SAAR).
[b] Multifamily two- to four-unit HUC are not reported directly but are an estimation: 2 to 4 HUC = (Total HUC – (SF HUC + MF ≥5 HUC)).

Housing Completions

Total completions in May 2022 were at a SAAR of 1,465,000. This was 9.1% greater than April and 9.3% greater than May 2021. SF completions were 1,043,000, which is 8.5% greater than May 2021. MF completions of two to four units were 5,000 and five units or more were 417,000 (Census Bureau 2022a).

The South remained the strongest market, where total completions were 809,000, of which 587,000 were SF and 222,000 were MF. The West followed with total completions of 389,000 units, of which 252,000 were SF and 137,000 were MF. Midwest total completions were 162,000, of which 136,000 were SF and 26,000 were MF. Total Northeast completions were 105,000, of which 68,000 were SF and 37,000 were MF (Census Bureau 2022a). Table 4 provides housing completion data for May 2022.

Table 4—National and regional U.S. housing completions for May 2022 in comparison to April 2022 and May 2021

	Total completions[a]	Single-family	Multi-family (2–4 units)[b]	Multi-family (≥5 units)
May-22	1,465,000	1,043,000	5,000	417,000
Apr-22	1,343,000	1,015,000	15,000	313,000
May-21	1,340,000	961,000	5,000	374,000
Month-over-month change	9.1%	2.8%	–66.7%	33.2%
Year-over-year change	9.3%	8.5%	0.0%	11.5%
	Northeast	Midwest	South	West
May-22	105,000	162,000	809,000	389,000
Apr-22	97,000	170,000	737,000	339,000
May-21	72,000	188,000	775,000	305,000
Month-over - month change	8.2%	–4.7%	9.8%	14.7%
Year-over-year change	45.8%	–13.8%	4.4%	27.5%

[a] Source: U.S. Department of Commerce–Construction (SAAR).
[b] Multifamily two- to four-unit completions are not reported directly but are an estimation: 2 to 4 completions = (Total completions – (SF completions + MF ≥5 completions)).

New Single-Family House Sales

Total new house sales in May 2022 were estimated at a SAAR of 696,000 units. This was an increase of 10.7% from April and 5.9% less than May 2021. Regionally, the South remained the strongest market with total new SF house sales of 413,000, followed by the West with 202,000. The Midwest recorded 58,000 sales, and the Northeast had 23,000 (Census Bureau 2022c).

The median sales price of new houses sold in May 2022 was $449,000, and the mean sales price was $511,400 (Census Bureau 2022c). Table 5 provides new SF sales data for May 2022.

Table 5—National and regional new U.S. housing sales for May 2022 in comparison to April 2022 and May 2021

	New SF sales[a]	Median price	Mean price	Month's supply
May-22	696,000	$449,000	$511,400	7.7
Apr-22	629,000	$454,700	$569,500	8.3
May-21	740,000	$390,400	$445,300	5.4
Month-over-month change	10.7%	–1.3%	–10.2%	–7.2%
Year-over-year change	–5.9%	15.0%	14.8%	42.6%
	Northeast	**Midwest**	**South**	**West**
May-22	23,000	58,000	413,000	202,000
Apr-22	47,000	71,000	366,000	145,000
May-21	40,000	92,000	407,000	201,000
Month-over -month change	–51.1%	–18.3%	12.8%	39.3%
Year-over-year change	–42.5%	–37.0%	1.5%	0.5%

[a] Source: U.S. Department of Commerce–Construction (SAAR).

Private Residential Construction Spending

New SF starts and sales are vital to the wood products industry because new units consume more value-added products than any other wood-consuming sector. Total private residential construction spending for May 2022 was $938,198 million, a 0.2% increase from April and a 19.0% improvement from May 2021. SF construction spending was $483,063 million and MF construction spending was $100,255 million. Improvement, or remodeling, spending was $354,880 million (all SAAR) (Census Bureau 2022d). Table 6 provides data for each construction spending category for May 2022.

Table 6—National U.S. housing construction spending for May 2022 in comparison to April 2022 and May 2021

	Total private residential construction spending[a, b]	Single-family	Multi-family	Improvement[c]
May-22	$938,198	$483,063	$100,255	$354,880
Apr-22	$935,913	$482,940	$100,283	$352,690
May-21	$788,401	$419,846	$104,040	$264,515
Month-over-month change	0.2%	0.0%	0.0%	0.6%
Year-over-year change	19.0%	15.1%	–3.6%	34.2%

[a] Reported in nominal U.S. dollars, millions of dollars, and SAAR.
[b] Source: U.S. Census Bureau–Construction.
[c] The U.S. DOC Census Bureau does not report improvement spending directly. This is a monthly estimation: Improvement spending = (Total private spending – (SF spending + MF spending)).

Existing House Sales

Existing house sales in May 2022 were at a SAAR of 5,410,000 units. This is a 3.4% decrease from April and a 8.6% decrease from May 2021. Regionally, the South remained the strongest market, with total existing house sales of 2,410,000 units, followed by the Midwest at 1,240,000 units. The West had total existing sales of 1,080,000 units, and the Northeast had 680,000 units (FRED 2022). Table 7 provides existing house sales data for May 2022.

Table 7—National and regional U.S. existing housing sales for May 2022 in comparison to April 2022 and May 2021

	Existing sales[a]	Median price	Month's supply
May-22	5,410,000	$407,600	2.6
Apr-22	5,600,000	$395,500	2.2
May-21	5,920,000	$355,000	2.5
Month-over-month change	–3.4%	3.1%	18.2%
Year-over-year change	–8.6%	14.8%	4.0%

	Northeast	Midwest	South	West
May-22	680,000	1,240,000	2,410,000	1,080,000
Apr-22	670,000	1,310,000	2,480,000	1,140,000
May-21	750,000	1,340,000	2,630,000	1,200,000
Month-over - month change	1.5%	–5.3%	–2.8%	–5.3%
Year-over-year change	–9.3%	–7.5%	–8.4%	–10.0%

[a] Source: U.S. Department of Commerce–Construction (SAAR).

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

Housing under construction—Estimates of housing units started, but not yet completed, are estimated for all areas of the United States, whether or not permits are required.

Regions—Northeast: Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, and Vermont. Midwest: Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin. South: Alabama, Arkansas, Delaware, District of Columbia, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, and West Virginia. West: Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, and Wyoming.

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

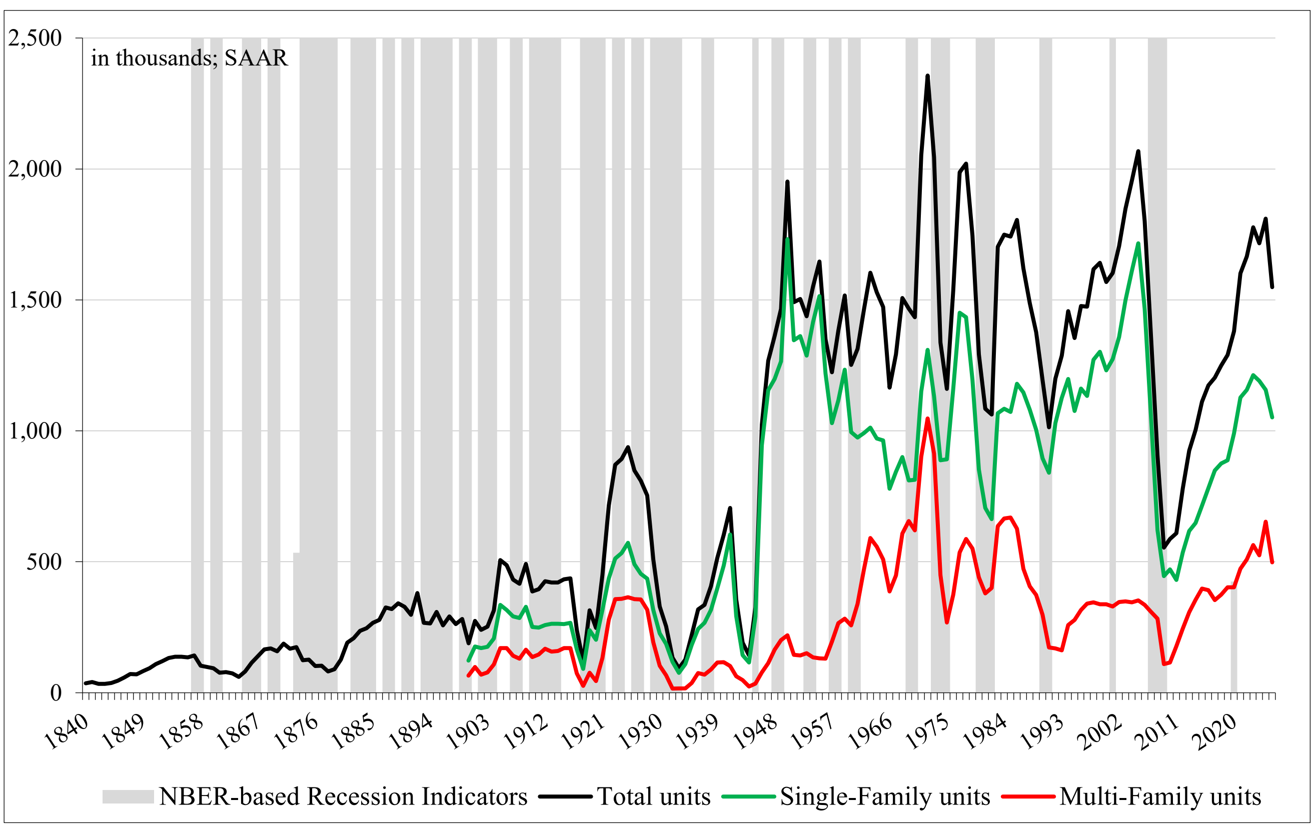

Figure 1. U.S. housing units and starts: 1840 to May 2022. Sources: HHFA (1948), FRED (2021), Gottlieb (1964), and Census Bureau (2022a).