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United States Housing Brief, June 2022

Delton Alderman


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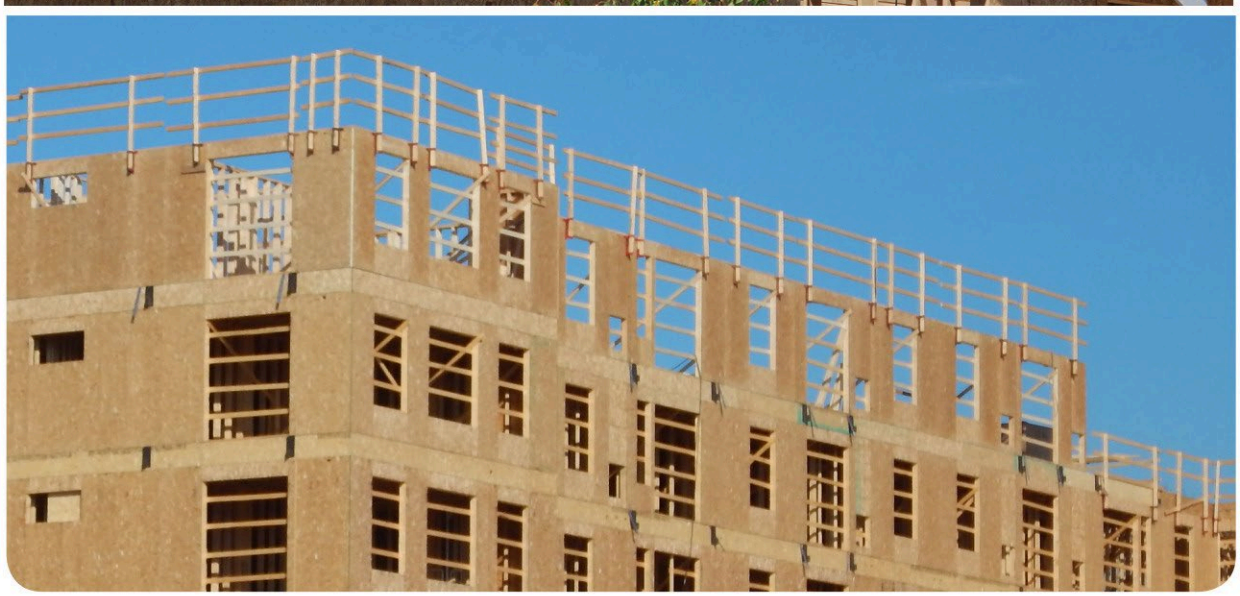

Abstract

In June, month-over-month data continued a negative movement in most categories. Year-over-year data indicated some improvement; however, single-family permits and starts decreased again (the fourth consecutive month). This suggests further moderation in single-family activity in the forthcoming months. The impact of increasing borrowing costs combined with rising house prices (though new median/mean declined precipitously in June) have resulted in a major obstacle for new house sales. The increase in borrowing costs has resulted in potential house buyers canceling contracts or postponing a house purchase. June also was the fifth consecutive monthly decrease for existing house sales.

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

Contents

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United States Housing Brief, June 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. In June, month-over-month data continued a negative movement in most categories. Year-over-year data indicated some improvement; however, single-family permits and starts decreased again (the fourth consecutive month). This suggests further moderation in single-family activity in the forthcoming months. The impact of increasing borrowing costs combined with rising house prices (though new median/mean declined precipitously in June) have resulted in a major obstacle for new house sales. The increase in borrowing costs has resulted in potential house buyers canceling contracts or postponing a house purchase. June also was the fifth consecutive monthly decrease for existing house sales.

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”.

June 2022
Housing Scorecard

Category[a]	Month-over-month change	Year-over-year change
Housing starts (total)	▼ 2.0%	▼ 6.3%
Single-family	▼ 8.1%	▼ 15.7%
Multifamily	▲ 10.3%	▲ 15.6%
Housing permits (total)	▲ 0.1%	▲ 2.1%
Single-family	▼ 7.7%	▼ 11.1%
Multifamily	▲ 12.7%	▲ 27.4%
Housing under construction (total)	▲ 0.3%	▲ 22.4%
Single-family	▼ 0.4%	▲ 21.0%
Multifamily	▲ 0.9%	▲ 23.9%
Housing completions (total)	▼ 4.6%	▲ 4.6%
Single-family	▼ 4.1%	▲ 8.5%
Multifamily	▼ 5.9%	▼ 4.7%
New single-family house sales	▼ 8.1%	▼ 17.4%
Private residential construction spending	▼ 1.6%	▲ 15.6%
Single-family construction spending	▼ 3.1%	▲ 8.4%
Existing house sales[b]	▼ 5.4%	▼ 14.2%

[a] Data from U.S. Census Bureau–Construction.
[b] Data from Federal Reserve Bank of St. Louis. (FRED).

Starts

Total starts in June 2022 were at a seasonally adjusted annual rate (SAAR) of 1,559,000. This was 2.0% less than May and 6.3% less than June 2021. Single-family (SF) starts were 982,000, which was 8.1% less than June 2021. Multifamily (MF) starts of two to four units were 9,000 and five units or more were 568,000 (Census Bureau 2022a) (Fig. 1).

Regionally, the South remained the strongest market, where total starts were 825,000, of which 599,000 were SF and 226,000 were MF. The West followed with total starts of 363,000, of which 188,000 were SF and 175,000 were MF. Total Midwest starts were 215,000, of which 147,000 were SF and 68,000 were MF. The Northeast recorded total starts of 156,000, of which 48,000 were SF and 108,000 were MF (Census Bureau 2022a). Table 1 provides housing start data for each start category for June 2022.

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

	Total starts[a]	Single-family	Multi-family (2–4 units)[b]	Multi-family (≥5 units)
Jun-22	1,559,000	982,000	9,000	568,000
May-22	1,591,000	1,068,000	29,000	494,000
Jun-21	1,664,000	1,165,000	11,000	488,000
Month-over-month change	–2.0%	–8.1%	–69.0%	15.0%
Year-over-year change	–6.3%	–15.7%	–18.2%	16.4%
	Northeast	Midwest	South	West
Jun-22	156,000	215,000	825,000	363,000
May-22	141,000	233,000	867,000	350,000
Jun-21	149,000	198,000	873,000	444,000
Month-over - month change	10.6%	–7.7%	–4.8%	3.7%
Year-over-year change	4.7%	8.6%	–5.5%	–18.2%

[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 June 2022 were at a SAAR of 1,696,000. This was 0.1% greater than May and 2.1% greater than June 2021. SF permits were 970,000, which was 7.7% less than June 2021. MF permits of two to four units were 50,000 and five units or more were 676,000 (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 922,000, of which 595,000 were SF and 327,000 were MF. The West followed with total permits of 425,000, of which 204,000 were SF and 221,000 were MF. Midwest total permits were 198,000, of which 119,000 were SF and 79,000 were MF. In the Northeast, total permits were 151,000, of which 52,000 were SF and 99,000 were MF (Census Bureau 2022b). Table 2 provides data by each permit category for June 2022.

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

	Total permits[a]	Single-family	Multi-family (2–4 units)[b]	Multi-family (≥5 units)
Jun-22	1,696,000	970,000	50,000	676,000
May-22	1,695,000	1,051,000	55,000	589,000
Jun-21	1,661,000	1,091,000	49,000	521,000
Month-over - month change	0.1%	–7.7%	–9.1%	14.8%
Year-over-year change	2.1%	–11.1%	2.0%	29.8%
	Northeast	Midwest	South	West
Jun-22	151,000	198,000	922,000	425,000
May-22	128,000	230,000	941,000	396,000
Jun-21	136,000	210,000	934,000	381,000
Month-over-month change	18.0%	–13.9%	-2.0%	7.3%
Year-over - year change	11.0%	–5.7%	–1.3%	11.5%

[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 June 2022 was at a SAAR of 1,680,000. This was a 0.3% increase from May and 22.4% greater than June 2021. SF HUC was 824,000, which was 0.4% less than May. MF HUC of two to four units was 15,000 and five units or more was 841,000 (Census Bureau 2022a).

Regionally, the South remained the strongest market, where total HUC was 771,000, of which 440,000 were SF and 331,000 were MF. The West followed with a total HUC of 471,000 units, of which 212,000 were SF and 259,000 were MF. Midwest total HUC was 223,000, of which 114,000 were SF and 109,000 were MF. The Northeast total HUC was 215,000, of which 58,000 were SF and 157,000 were MF (Census Bureau 2022a). Table 3 provides HUC data for June 2022.

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

	Total HUC[a]	Single-family	Multi-family (2–4 units)[b]	Multi-family (≥5 units)
Jun-22	1,680,000	824,000	15,000	841,000
May-22	1,675,000	827,000	15,000	833,000
Jun-21	1,372,000	681,000	13,000	678,000
Month-over-month change	0.3%	–0.4%	0.0%	1.0%
Year-over-year change	22.4%	21.0%	15.4%	24.0%
	Northeast	Midwest	South	West
Jun-22	215,000	223,000	771,000	471,000
May-22	216,000	221,000	770,000	468,000
Jun-21	201,000	176,000	615,000	380,000
Month-over - month change	–0.5%	0.9%	0.1%	0.6%
Year-over-year change	7.0%	26.7%	25.4%	23.9%

[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 June 2022 were at a SAAR of 1,365,000. This was 4.6% less than May and 4.6% greater than June 2021. SF completions were 996,000, which is 4.1% less than June 2021. MF completions of two to four units were 3,000 and five units or more were 366,000 (Census Bureau 2022a).

The South remained the strongest market, where total completions were 762,000, of which 572,000 were SF and 190,000 were MF. The West followed with total completions of 293,000 units, of which 218,000 were SF and 75,000 were MF. Midwest total completions were 203,000, of which 141,000 were SF and 62,000 were MF. Total Northeast completions were 107,000, of which 65,000 were SF and 42,000 were MF (Census Bureau 2022a). Table 4 provides housing completion data for June 2022.

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

	Total completions[a]	Single-family	Multi-family (2–4 units)[b]	Multi-family (≥5 units)
Jun-22	1,365,000	996,000	3,000	366,000
May-22	1,431,000	1,039,000	5,000	387,000
Jun-21	1,305,000	918,000	7,000	380,000
Month-over-month change	–4.6%	–4.1%	–40.0%	–5.4%
Year-over-year change	4.6%	8.5%	–57.1%	–3.7%
	Northeast	Midwest	South	West
Jun-22	107,000	203,000	762,000	293,000
May-22	99,000	174,000	784,000	374,000
Jun-21	103,000	173,000	699,000	330,000
Month-over - month change	8.1%	16.7%	–2.8%	–21.7%
Year-over-year change	3.9%	17.3%	9.0%	–11.2%

[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 June 2022 were estimated at a SAAR of 590,000 units. This was a decrease of 8.1% from May and 17.4% less than June 2021. Regionally, the South remained the strongest market with total new SF house sales of 386,000, followed by the West with 112,000. The Midwest recorded 74,000 sales, and the Northeast had 18,000 (Census Bureau 2022c).

The median sales price of new houses sold in June 2022 was $402,400, and the mean sales price was $456,800 (Census Bureau 2022c). Table 5 provides new SF sales data for June 2022.

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

	New SF sales[a]	Median price	Mean price	Month's supply
Jun-22	590,000	$402,400	$456,800	9.3
May-22	642,000	$444,500	$514,000	8.4
Jun-21	714,000	$374,700	$431,900	5.8
Month-over-month change	–8.1%	–9.5%	–11.1%	10.7%
Year-over-year change	–17.4%	7.4%	5.8%	60.3%
	Northeast	Midwest	South	West
Jun-22	18,000	74,000	386,000	112,000
May-22	19,000	52,000	394,000	177,000
Jun-21	29,000	95,000	423,000	167,000
Month-over - month change	–5.3%	42.3%	–2.0%	–36.7%
Year-over-year change	–37.9%	–22.1%	–8.7%	–32.9%

[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 SAAR private residential construction spending for June 2022 was $923,721 million, a 1.6% decrease from May and an 15.6% improvement from June 2021. SF construction spending was $467,521 million, and MF construction spending was $100,579 million. Improvement, or remodeling, spending was $355,621 million (Census Bureau 2022d). Table 6 provides data for each construction spending category for June 2022.

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

	Total private residential construction spending[a, b]	Single-family	Multi-family	Improve-ment[c]
Jun-22	$923,721	$467,521	$100,579	$355,621
May-22	$939,173	$482,458	$100,165	$356,550
Jun-21	$799,279	$431,262	$100,655	$267,362
Month-over-month change	–1.6%	–3.1%	0.4%	–0.3%
Year-over-year change	15.6%	8.4%	–0.1%	33.0%

[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 June 2022 were at a SAAR of 5,120,000 units. This is a 5.4% decrease from May and a 14.2% decline from June 2021. Regionally, the South remained the strongest market, with total existing house sales of 2,260,000 units, followed by the Midwest at 1,230,000 units. The West had total existing sales of 960,000 units and the Northeast had 670,000 units (FRED 2022a). Table 7 provides existing house sales data for June 2022.

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

	Existing sales[a]	Median price	Month's supply	
Jun-22	5,120,000	$416,000	3.1	
May-22	5,410,000	$408,400	2.6	
Jun-21	5,970,000	$366,900	2.8	
Month-over-month change	–5.4%	1.9%	19.2%	
Year-over-year change	–14.2%	13.4%	10.7%	
	Northeast	Midwest	South	West
Jun-22	670,000	1,230,000	2,260,000	960,000
May-22	670,000	1,250,000	2,410,000	1,080,000
Jun-21	760,000	1,360,000	2,630,000	1,220,000
Month-over - month change	0.0%	–1.6%	–6.2%	–11.1%
Year-over-year change	–11.8%	–9.6%	–14.1%	–21.3%

[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 June 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.

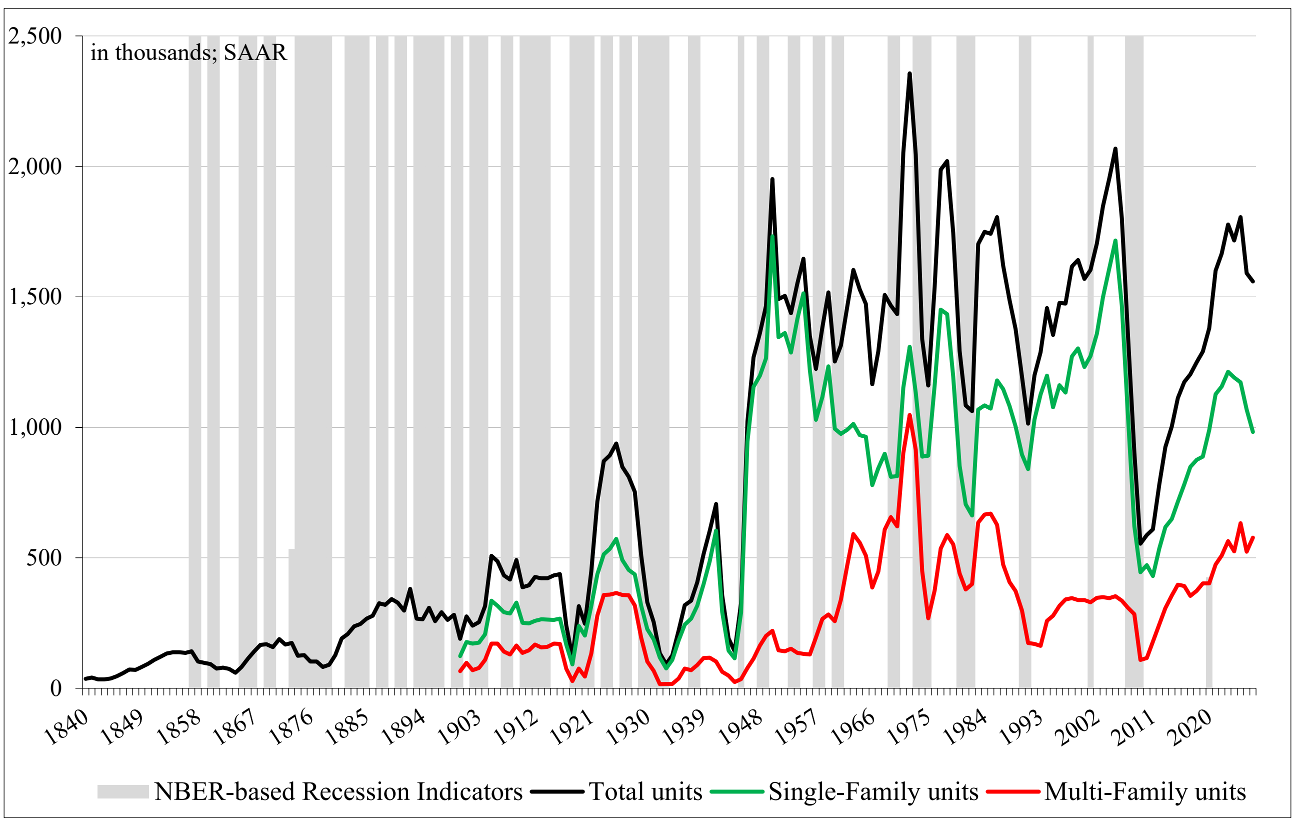

Figure 1. U.S. housing units and starts: 1840 to June 2022. Sources: FRED (2022b), Gottlieb (1964), HHFA (2018), and Census Bureau (2022a).