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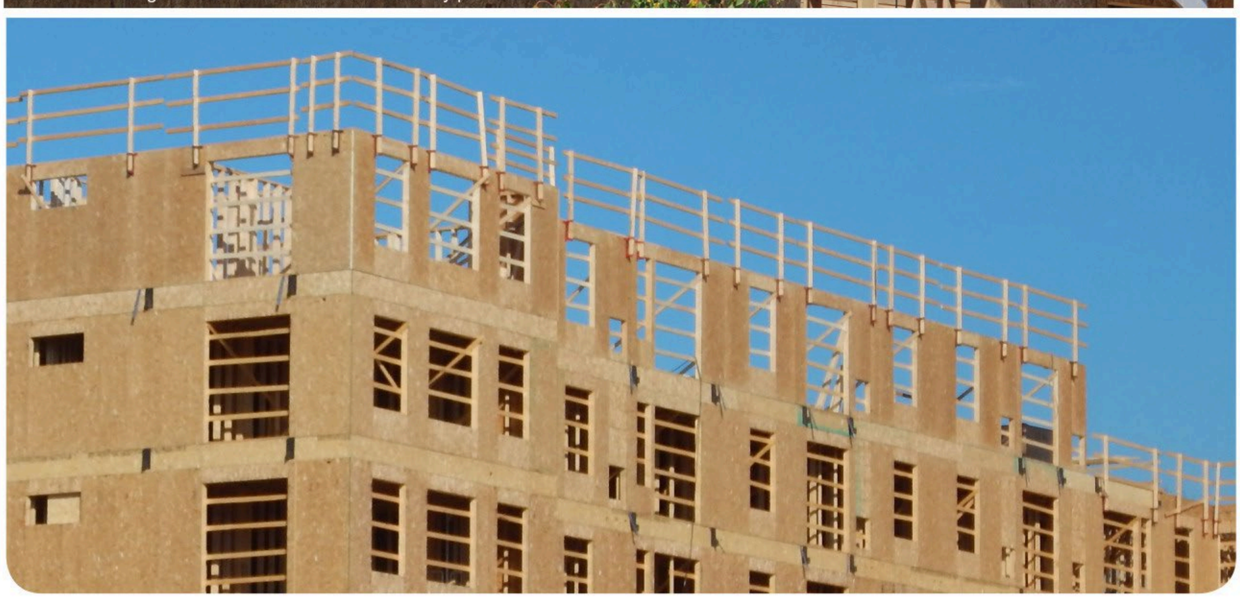
United States Housing Brief, July 2022

Delton Alderman



Abstract

In July, month-over-month data continued a negative movement in the majority of data categories. Year-over-year data were better; however, single-family permits decreased again. Again, this portends further moderation in single-family activity in the forthcoming months. July also was the sixth 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, July 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 July, month-over-month data continued a negative movement in the majority of data categories. Year-over-year data were better; however, single-family permits decreased again. Again, this portends further moderation in single-family activity in the forthcoming months. July also was the sixth 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".

July 2022
Housing Scorecard

Category[a]	Month-over-month change	Year-over-year change
Housing starts (total)	▼ 9.6%	▼ 8.1%
Single-family	▼ 10.1%	▼ 31.8%
Multifamily	▼ 8.6%	▲ 18.0%
Housing permits (total)	▼ 0.6%	▲ 1.8%
Single-family	▼ 3.9%	▼ 11.3%
Multifamily	▲ 3.7%	▲ 24.7%
Housing under construction (total)	▼ 0.1%	▲ 21.1%
Single-family	▼ 1.2%	▲ 17.4%
Multifamily	▲ 0.9%	▲ 24.7%
Housing completions (total)	▲ 1.1%	▲ 3.5%
Single-family	▼ 0.8%	▲ 7.0%
Multifamily	▲ 5.9%	▼ 4.2%
New single-family house sales	▼ 12.6%	▼ 29.6%
Private residential construction spending	▼ 1.5%	▲ 14.1%
Single-family construction spending	▼ 4.0%	▲ 2.9%
Existing house sales[b]	▼ 5.9%	▼ 20.2%

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

Starts

Total starts in July 2022 were at a seasonally adjusted annual rate (SAAR) of 1,446,000. This was 9.6% less than June and 8.1% less than July 2021. Single-family (SF) starts were 916,000, which was 10.1% less than July 2021. Multifamily (MF) starts of two to four units were 16,000 and five units or more were 514,000 (Census Bureau 2022a) (Fig. 1).

Regionally, the South remain the strongest market, where total starts were 710,000, of which 511,000 were SF and 199,000 were MF. The West followed with total starts of 367,000, of which 224,000 were SF and 143,000 were MF. The Northeast recorded total starts of 230,000, of which 77,000 were SF and 153,000 were MF. Total Midwest starts were 139,000, of which 104,000 were SF and 35,000 were MF (Census Bureau 2022a). Table 1 provides housing start data for each start category for July 2022.

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

	Total starts[a]	Single-family	Multi-family (2–4 units)[b]	Multi-family (≥5 units)
July-22	1,446,000	916,000	16,000	514,000
June-22	1,599,000	1,019,000	9,000	571,000
July-21	1,573,000	1,124,000	11,000	438,000
Month-over-month change	–9.6%	–10.1%	77.8%	–10.0%
Year-over-year change	–8.1%	–18.5%	45.5%	17.4%
	Northeast	**Midwest**	**South**	**West**
July-22	230,000	139,000	710,000	367,000
June-22	139,000	210,000	873,000	377,000
July-21	70,000	182,000	905,000	416,000
Month-over-month change	65.5%	–33.8%	–18.7%	–2.7%
Year-over-year change	228.6%	–23.6%	–21.5%	–11.8%

[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 July 2022 were at a SAAR of 1,685,000. This was 0.6% less than June and 1.8% greater than July 2021. SF permits were 932,000, which was 3.9% less than July 2021. MF permits of two to four units were 52,000 and five units or more were 701,000 (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 927,000, of which 559,000 were SF and 368,000 were MF. The West followed with total permits of 379,000, of which 190,000 were SF and 189,000 were MF. Midwest total permits were 215,000, of which 122,000 were SF and 93,000 were MF. In the Northeast, total permits were 164,000, of which 61,000 were SF and 103,000 were MF (Census Bureau 2022b). Table 2 provides data by each permit category for July 2022.

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

	Total permits[a]	Single-family	Multi-family (2–4 units)[b]	Multi-family (≥5 units)
July-22	1,685,000	932,000	52,000	701,000
June-22	1,696,000	970,000	50,000	676,000
July-21	1,655,000	1,051,000	55,000	549,000
Month-over-month change	–0.6%	–3.9%	4.0%	3.7%
Year-over-year change	1.8%	–11.3%	–5.5%	27.7%
	Northeast	**Midwest**	**South**	**West**
July-22	164,000	215,000	927,000	379,000
June-22	151,000	198,000	922,000	425,000
July-21	136,000	209,000	879,000	431,000
Month-over-month change	8.6%	8.6%	0.5%	–10.8%
Year-over-year change	20.6%	2.9%	5.5%	–12.1%

[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 July 2022 was at a SAAR of 1,678,000. This was a 0.1% decrease from June and 21.1% greater than July 2021. SF HUC was 816,000, which was 1.2% less than June. MF HUC of two to four units was 16,000 and five units or more was 846,000 (Census Bureau 2022a).

Regionally, the South remained the strongest market, where total HUC was 771,000, of which 436,000 were SF and 335,000 were MF. The West followed with a total HUC of 474,000 units, of which 211,000 were SF and 263,000 were MF. The Northeast total HUC was 220,000, of which 59,000 were SF and 161,000 were MF. Midwest total HUC was 213,000, of which 110,000 were SF and 103,000 were MF (Census Bureau 2022a). Table 3 provides HUC data for July 2022.

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

	Total HUC[a]	Single-family	Multi-family (2–4 units)[b]	Multi-family (≥5 units)
July-22	1,678,000	816,000	16,000	846,000
June-22	1,680,000	826,000	15,000	839,000
July-21	1,386,000	695,000	13,000	678,000
Month-over-month change	–0.1%	–1.2%	6.7%	0.8%
Year-over-year change	21.1%	17.4%	23.1%	24.8%
	Northeast	Midwest	South	West
July-22	220,000	213,000	771,000	474,000
June-22	216,000	222,000	775,000	467,000
July-21	198,000	174,000	631,000	383,000
Month-over - month change	1.9%	–4.1%	–0.5%	1.5%
Year-over-year change	11.1%	22.4%	22.2%	23.8%

[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 July 2022 were at a SAAR of 1,424,000. This was 1.1% greater than June and 3.5% greater than July 2021. SF completions were 1,009,000, which is 0.8% less than July 2021. MF completions of two to four units were 3,000 and five units or more were 412,000 (Census Bureau 2022a).

The South remained the strongest market, where total completions were 721,000, of which 567,000 were SF and 154,000 were MF. The West followed with total completions of 310,000 units, of which 225,000 were SF and 85,000 were MF. Midwest total completions were 295,000, of which 1490,000 were SF and 146,000 were MF. Total Northeast completions were 98,000, of which 68,000 were SF and 30,000 were MF (Census Bureau 2022a). Table 4 provides housing completion data for July 2022.

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

	Total completions[a]	Single-family	Multi-family (2–4 units)[b]	Multi-family (≥5 units)
July-22	1,424,000	1,009,000	3,000	412,000
June-22	1,409,000	1,017,000	6,000	386,000
June-21	1,376,000	943,000	13,000	420,000
Month-over-month change	1.1%	–0.8%	–50.0%	6.7%
Year-over-year change	3.5%	7.0%	–76.9%	–1.9%
	Northeast	Midwest	South	West
July-22	98,000	295,000	721,000	310,000
June-22	103,000	201,000	776,000	329,000
July-21	106,000	188,000	710,000	372,000
Month-over - month change	–4.9%	46.8%	–7.1%	–5.8%
Year-over-year change	–7.5%	56.9%	1.5%	–16.7%

[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 July 2022 were estimated at a SAAR of 511,000 units. This was a decrease of 12.6% from June and 29.6% less than July 2021. Regionally, the South remained the strongest market with total new SF house sales of 342,000, followed by the West with 98,000. The Midwest recorded 54,000 sales and the Northeast had 17,000 (Census Bureau 2022c).

The median sales price of new houses sold in July 2022 was $439,400, and the mean sales price was $546,800 (Census Bureau 2022c). Table 5 provides new SF sales data for July 2022.

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

	New SF sales[a]	Median price	Mean price	Month's supply
July-22	511,000	$439,400	$546,800	10.9
June-22	585,000	$414,900	$457,300	9.2
July-21	726,000	$406,000	$462,100	6.0
Month-over-month change	–12.6%	5.9%	19.6%	18.5%
Year-over-year change	–29.6%	8.2%	18.3%	81.7%
	Northeast	**Midwest**	**South**	**West**
July-22	17,000	54,000	342,000	98,000
June-22	15,000	68,000	389,000	113,000
July-21	27,000	70,000	432,000	197,000
Month-over - month change	13.3%	–20.6%	–12.1%	–13.3%
Year-over-year change	–37.0%	–22.9%	–20.8%	–50.3%

[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 July 2022 was $920,354 million, a 1.5% decrease from June and a 14.1% improvement from July 2021. SF construction spending was $450,077 million, and MF construction spending was $100,481 million. Improvement, or remodeling, spending was $369,796 million (Census Bureau 2022d). Table 6 provides data for each construction spending category for July 2022.

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

	Total private residential construction spending[a, b]	Single-family	Multi-family	Improvement[c]
July-22	$920,354	$450,077	$100,481	$369,796
June-22	$934,369	$468,968	$101,072	$364,329
July-21	$806,484	$437,294	$101,732	$267,458
Month-over-month change	–1.5%	–4.0%	–0.6%	1.5%
Year-over-year change	14.1%	2.9%	–1.2%	38.3%

[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 July 2022 were at a SAAR of 4,810,000 units. This is a 5.9% decrease from June and a 20.2% decline from July 2021. Regionally, the South remain the strongest market, with total existing house sales of 2,130,000 units, followed by the Midwest at 1,190,000 units. The West had total existing sales of 870,000 units and the Northeast had 620,000 units (FRED 2022a). Table 7 provides existing house sales data for July 2022.

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

	Existing sales[a]	Median price	Month's supply
July-22	4,810,000	$403,800	3.3
June-22	5,110,000	$413,800	2.9
July-21	6,030,000	$364,600	2.6
Month-over-month change	–5.9%	–2.4%	13.8%
Year-over-year change	–20.2%	10.8%	26.9%

	Northeast	Midwest	South	West
July-22	620,000	1,190,000	2,130,000	870,000
June-22	670,000	1,230,000	2,250,000	960,000
July-21	740,000	1,390,000	2,650,000	1,250,000
Month-over - month change	–7.5%	–3.3%	–5.3%	–9.4%
Year-over-year change	–16.2%	–14.4%	–19.6%	–30.4%

[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 July 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.

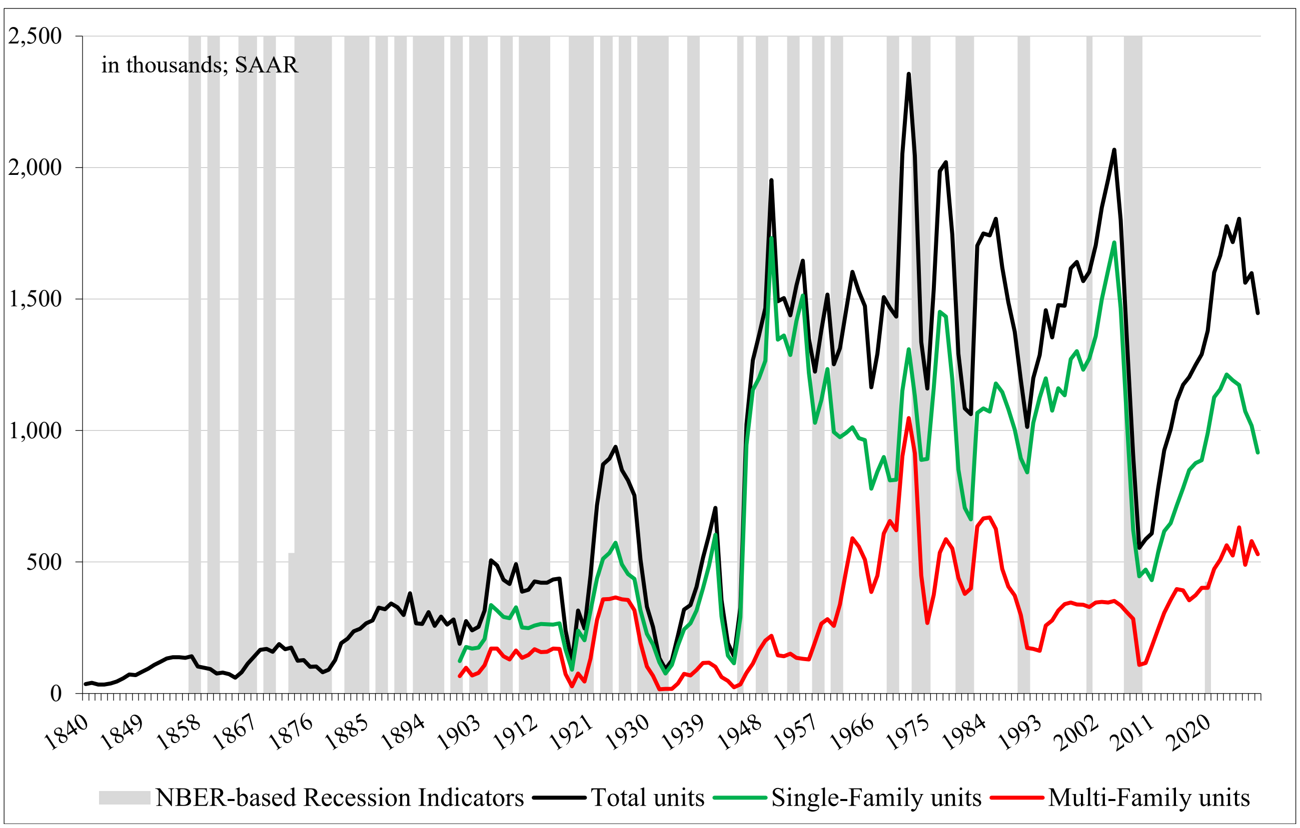

Figure 1. U.S. housing units and starts: 1840 to July 2022. Sources: FRED (2022b), Gottlieb (1964), HHFA (1948), and Census Bureau (2022a).