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United States Housing Brief, August 2022

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Abstract

In August, the Federal Reserve Board of Governor's focus for a "housing reset" was in full force. Month-over-month data continued a negative movement in many data categories. Year-over-year data were similar. Single-family permits decreased again, which foreshadows further moderation in single-family activity in the forthcoming months. The impact of increasing borrowing costs, slow income growth, and still-elevated house prices have resulted in a major obstacle for new and existing house sales. The number of potential buyers is dwindling quickly, and first-time buyers also are being constrained due to increasing interest rates. Apartment vacancy rates are minimal, and a dearth of single-family houses have strengthened multifamily construction. August was the seventh 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, August 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 August, the Federal Reserve Board of Governor’s focus for a “housing reset” was in full force. Month-over-month data continued a negative movement in many data categories. Year-over-year data were similar. Single-family permits decreased again, which foreshadows further moderation in single-family activity in the forthcoming months. The impact of increasing borrowing costs, slow income growth, and still-elevated house prices have resulted in a major obstacle for new and existing house sales. The number of potential buyers is dwindling quickly, and first-time buyers also are being constrained due to increasing interest rates. Apartment vacancy rates are minimal, and a dearth of single-family houses have strengthened multifamily construction. August was the seventh 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”.

August 2022
Housing Scorecard

Category[a]	**Month-over-month change**		**Year-over-year change**	
Housing starts (total)	▲	12.2%	▼	0.1%
Single-family	▲	3.4%	▼	14.6%
Multifamily	▲	28.0%	▲	33.1%
Housing permits (total)	▼	8.5%	▼	13.0%
Single-family	▼	3.4%	▼	15.2%
Multifamily	▼	14.7%	▼	9.7%
Housing under construction (total)	▲	1.6%	▲	20.5%
Single-family	▼	0.4%	▲	14.4%
Multifamily	▲	3.4%	▲	26.6%
Housing completions (total)	▼	5.4%	▲	3.1%
Single-family	▲	0.4%	▲	6.5%
Multifamily	▼	20.0%	▼	6.3%
New single-family house sales	▲	28.8%	▼	0.1%
Private residential construction spending	▼	0.9%	▲	12.5%
Single-family construction spending	▼	2.9%	NC[b]	0.0%
Existing house sales[c]	▼	0.4%	▼	19.9%

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

Starts

Total starts in August 2022 were at a seasonally adjusted annual rate (SAAR) of 1,575,000. This was 12.2% greater than July and 0.1% less than August 2021. Single-family (SF) starts were 935,000, which was 14.6% less than August 2021. Multifamily (MF) starts of two to four units were 19,000 and five units or more were 621,000 (Census Bureau 2022a) (Fig. 1).

Regionally, the South remained the strongest market, where total starts were 885,000, of which 530,000 were SF and 355,000 were MF. The West followed with total starts of 361,000, of which 223,000 were SF and 138,000 were MF. Total Midwest starts were 167,000, of which 122,000 were SF and 45,000 were MF. The Northeast recorded total starts of 162,000, of which 60,000 were SF and 102,000 were MF (Census Bureau 2022a). Table 1 provides housing start data for each start category for August 2022.

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

	Total starts[a]	Single-family	Multi-family (2–4 units)[b]	Multi-family (≥5 units)
Aug-22	1,575,000	935,000	19,000	621,000
July-22	1,404,000	904,000	17,000	483,000
Aug-21	1,576,000	1,095,000	7,000	474,000
Month-over-month change	12.2%	3.4%	11.8%	28.6%
Year-over-year change	–0.1%	–14.6%	171.4%	31.0%
	Northeast	Midwest	South	West
Aug-22	162,000	167,000	885,000	361,000
July-22	196,000	140,000	711,000	357,000
Aug-21	166,000	196,000	888,000	326,000
Month-over - month change	–17.3%	19.3%	24.5%	1.1%
Year-over-year change	–2.4%	–14.8%	–0.3%	10.7%

[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 August 2022 were at a SAAR of 1,542,000. This was 8.5% less than July and 13.0% less than August 2021. SF permits were 900,000, which was 3.4% less than August 2021. MF permits of two to four units were 47,000 and five units or more were 595,000 (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 826,000, of which 540,000 were SF and 286,000 were MF. The West followed with total permits of 376,000, of which 193,000 were SF and 183,000 were MF. Midwest total permits were 202,000, of which 111,000 were SF and 91,000 were MF. In the Northeast, total permits were 138,000, of which 56,000 were SF and 82,000 were MF (Census Bureau 2022b). Table 2 provides data by each permit category for August 2022.

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

	Total permits[a]	Single-family	Multi-family (2–4 units)[b]	Multi-family (≥5 units)
Aug-22	1,542,000	900,000	47,000	595,000
July-22	1,685,000	932,000	52,000	701,000
Aug-21	1,772,000	1,061,000	43,000	668,000
Month-over - month change	–8.5%	–3.4%	–9.6%	–15.1%
Year-over-year change	–13.0%	–15.2%	9.3%	–10.9%
	Northeast	Midwest	South	West
Aug-22	138,000	202,000	826,000	376,000
July-22	164,000	215,000	927,000	379,000
Aug-21	161,000	220,000	948,000	443,000
Month-over-month change	–15.9%	–6.0%	–10.9%	–0.8%
Year-over - year change	–14.3%	–8.2%	–12.9%	–15.1%

[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 August 2022 was at a SAAR of 1,702,000. This was an 1.6% increase from July and 20.5% greater than August 2021. SF HUC was 812,000, a 0.4% decrease from July. MF HUC of two to four units were 17,000 and five units or more were 873,000 (Census Bureau 2022a).

Regionally, the South remained the strongest market, where total HUC was 791,000, of which 438,000 were SF and 353,000 were MF. The West followed with a total HUC of 476,000 units, of which 207,000 were SF and 269,000 were MF. Northeast total HUC was 223,000, of which 59,000 were SF and 164,000 were MF. Midwest total HUC was 212,000, of which 108,000 were SF and 104,000 were MF (Census Bureau 2022a). Table 3 provides HUC data for August 2022.

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

	Total HUC[a]	Single-family	Multi-family (2–4 units)[b]	Multi-family (≥5 units)
Aug-22	1,702,000	812,000	17,000	873,000
July-22	1,676,000	815,000	16,000	845,000
Aug-21	1,413,000	710,000	13,000	690,000
Month-over-month change	1.6%	–0.4%	6.3%	3.3%
Year-over-year change	20.5%	14.4%	30.8%	26.5%
	Northeast	Midwest	South	West
Aug-22	223,000	212,000	791,000	476,000
July-22	221,000	213,000	772,000	470,000
Aug-21	203,000	176,000	647,000	387,000
Month-over - month change	0.9%	–0.5%	2.5%	1.3%
Year-over-year change	9.9%	20.5%	22.3%	23.0%

[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 August 2022 were at a SAAR of 1,342,000. This was 5.4% less than July and 3.1% greater than August 2021. SF completions were 1,017,000, which is 0.4% greater than August 2021. MF completions of two to four units were 7,000 and five units or more were 318,000 (Census Bureau 2022a).

The South remained the strongest market, where total completions were 674,000, of which 561,000 were SF and 113,000 were MF. The West followed with total completions of 343,000 units, of which 261,000 were SF and 82,000 were MF. Midwest total completions were 200,000, of which 132,000 were SF and 68,000 were MF. Total Northeast completions were 125,000, of which 63,000 were SF and 62,000 were MF (Census Bureau 2022a). Table 4 provides housing completion data for August 2022.

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

	Total completions[a]	Single-family	Multi-family (2–4 units)[b]	Multi-family (≥5 units)
Aug-22	1,342,000	1,017,000	7,000	318,000
July-22	1,419,000	1,013,000	5,000	401,000
Aug-21	1,302,000	955,000	6,000	341,000
Month-over-month change	–5.4%	0.4%	40.0%	–20.7%
Year-over-year change	3.1%	6.5%	16.7%	–6.7%
	Northeast	Midwest	South	West
Aug-22	125,000	200,000	674,000	343,000
July-22	94,000	279,000	723,000	323,000
Aug-21	135,000	164,000	696,000	307,000
Month-over - month change	33.0%	–28.3%	–6.8%	6.2%
Year-over-year change	–7.4%	22.0%	–3.2%	11.7%

[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 August 2022 were estimated at a SAAR of 685,000 units. This was an increase of 28.8% from July and 0.1% less than August 2021. Regionally, the South remained the strongest market with total new SF house sales of 467,000, followed by the West with 130,000. The Midwest recorded 63,000 sales and the Northeast had 25,000 (Census Bureau 2022c).

The median sales price of new houses sold in August 2022 was $436,800, and the mean sales price was $521,800 (Census Bureau 2022c). Table 5 provides new SF sales data for August 2022.

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

	New SF sales[a]	Median price	Mean price	Month's supply
Aug-22	685,000	$436,800	$521,800	8.1
July-22	532,000	$466,300	$556,700	10.4
Aug-21	686,000	$404,300	$470,000	6.5
Month-over-month change	28.8%	–6.3%	–6.3%	–22.1%
Year-over-year change	–0.1%	8.0%	11.0%	24.6%
	Northeast	Midwest	South	West
Aug-22	25,000	63,000	467,000	130,000
July-22	15,000	54,000	361,000	102,000
Aug-21	32,000	60,000	423,000	171,000
Month-over - month change	66.7%	16.7%	29.4%	27.5%
Year-over-year change	–21.9%	5.0%	10.4%	–24.0%

[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 August 2022 was $912,913 million, a 0.9% decrease from July and a 12.5% improvement from August 2021. SF construction spending was $436,308 million, and MF construction spending was $101,246 million. Improvement, or remodeling, spending was $375,359 million (all SAAR) (Census Bureau 2022d). Table 6 provides data for each construction spending category for August 2022.

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

	Total private residential construction spending[a, b]	Single-family	Multi-family	Improve-ment[c]
Aug-22	$912,913	$436,308	$101,246	$375,359
July-22	$921,616	$449,186	$100,859	$371,571
Aug-21	$811,497	$436,397	$101,432	$273,668
Month-over-month change	–0.9%	–2.9%	0.4%	1.0%
Year-over-year change	12.5%	0.0%	–0.2%	37.2%

[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 August 2022 were at a SAAR of 4,800,000 units. This is a 0.4% decrease from July and a 19.9% decline from August 2021. Regionally, the South remained the strongest market, with total existing house sales of 2,130,000 units, followed by the Midwest at 1,160,000 units. The West had total existing sales of 880,000 units and the Northeast had 630,000 units (FRED 2022). Table 7 provides existing house sales data for August 2022.

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

	Existing sales[a]	Median price	Month's supply
Aug-22	4,800,000	$389,500	3.2
July-22	4,820,000	$399,200	3.2
Aug-21	5,990,000	$361,500	2.6
Month-over-month change	–0.4%	–2.4%	0.0%
Year-over-year change	–19.9%	7.7%	23.1%

	Northeast	Midwest	South	West
Aug-22	630,000	1,160,000	2,130,000	880,000
July-22	620,000	1,200,000	2,130,000	870,000
Aug-21	730,000	1,380,000	2,640,000	1,240,000
Month-over - month change	1.6%	–3.3%	0.0%	1.1%
Year-over-year change	–13.7%	–15.9%	–19.3%	–29.0%

[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 August 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.

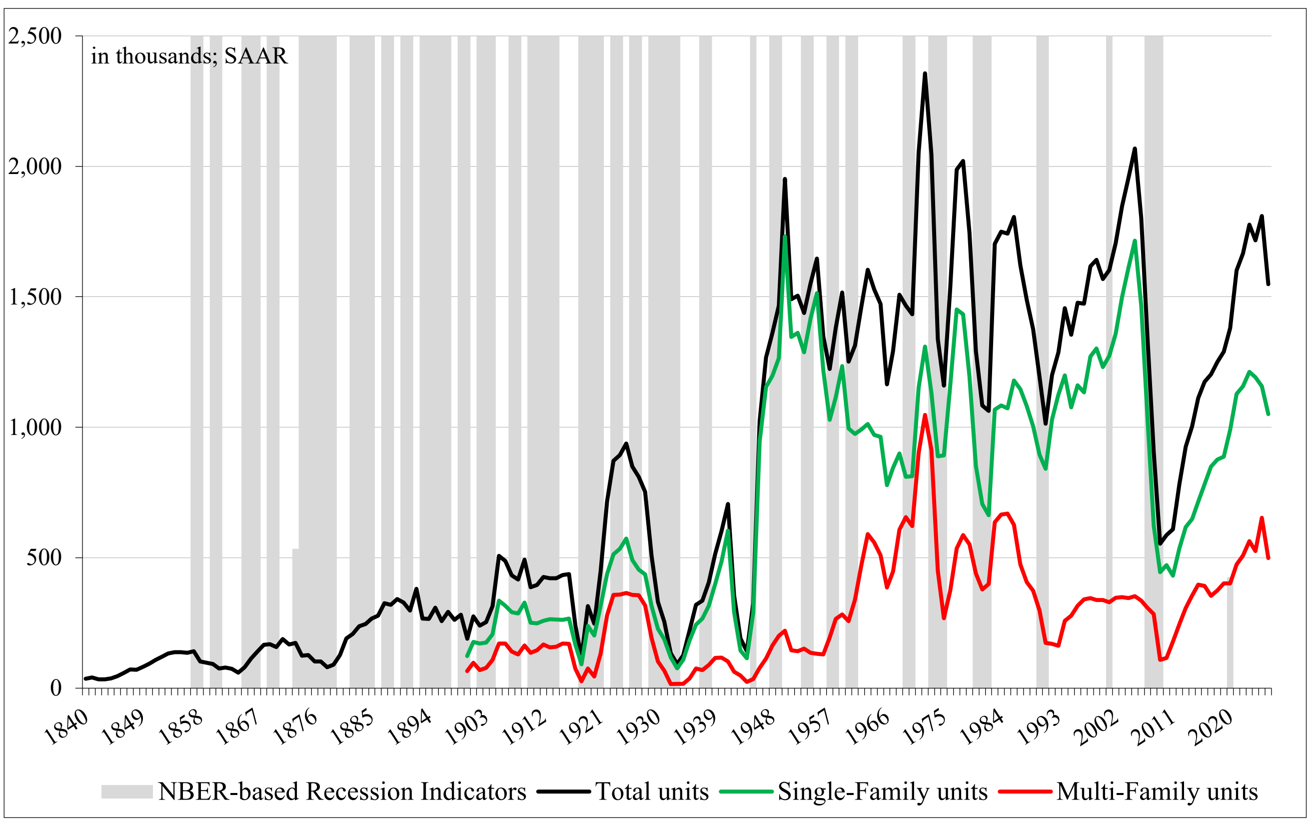

Figure 1. U.S. housing units and starts: 1840 to August 2022. Sources: HHFA (1948), FRED (2021), Gottlieb (1964), and Census Bureau (2022a).