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United States Housing Brief, October 2022

Delton Alderman

Abstract

In October, month-over-month data declined in the majority of categories. Year-over-year data remain positive in most categories. Single-family permits and starts decreased again, month-over-month and year-over-year. Increasing borrowing costs, slow income growth, and elevated house prices have resulted in a major obstacle for new and existing house sales. October was the ninth consecutive monthly decrease for existing house sales. Single-family construction spending decreased for the sixth straight month.

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, October 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 October, month-over-month data declined in the majority of categories. Year-over-year data remain positive in most categories. Single-family permits and starts decreased again, month-over-month and year-over-year. Increasing borrowing costs, slow income growth, and elevated house prices have resulted in a major obstacle for new and existing house sales. October was the ninth consecutive monthly decrease for existing house sales. Single-family construction spending decreased for the sixth straight month.

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".

October 2022
Housing Scorecard

Category[a]	**Month-over-month change**	**Year-over-year change**
Housing starts (total)	▼ 4.2%	▼ 8.8%
Single-family	▼ 6.1%	▼ 20.8%
Multifamily	▼ 1.2%	▲ 17.8%
Housing permits (total)	▼ 3.3%	▼ 11.0%
Single-family	▼ 3.3%	▼ 21.9%
Multifamily	▼ 3.3%	▲ 8.1%
Housing under construction (total)	▲ 0.8%	▲ 17.5%
Single-family	▼ 0.5%	▲ 8.6%
Multifamily	▲ 2.0%	▲ 26.4%
Housing completions (total)	▼ 6.4%	▲ 6.6%
Single-family	▼ 8.3%	▲ 2.7%
Multifamily	▼ 1.3%	▲ 18.1%
New single-family house sales	▲ 7.5%	▼ 5.8%
Private residential construction spending	▼ 0.3%	▲ 8.6%
Single-family construction spending	▼ 2.6%	▼ 5.4%
Existing house sales[b]	▼ 5.9%	▼ 28.4%

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

Starts

Total starts in October 2022 were at a seasonally adjusted annual rate (SAAR) of 1,425,000. This was 4.2% less than September and 8.8% less than October 2021. Single-family (SF) starts were 855,000, which was 6.1% less than October 2021. Multifamily (MF) starts of two to four units were 14,000 and five units or more were 556,000 (Census Bureau 2022a) (Fig. 1).

Regionally, the South remained the strongest market, where total starts were 808,000, of which 519,000 were SF and 289,000 were MF. The West followed with total starts of 336,000, of which 173,000 were SF and 163,000 were MF. Total Midwest starts were 185,000, of which 111,000 were SF and 74,000 were MF. The Northeast recorded total starts of 96,000, of which 52,000 were SF and 44,000 were MF (Census Bureau 2022a). Table 1 provides housing start data for each start category for October 2022.

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

	Total starts[a]	Single-family	Multi-family (2–4 units)[b]	Multi-family (≥5 units)
Oct-22	1,425,000	855,000	14,000	556,000
Sep-22	1,488,000	911,000	18,000	559,000
Oct-21	1,563,000	1,079,000	10,000	474,000
Month-over-month change	–4.2%	–6.1%	–22.2%	–0.5%
Year-over-year change	–8.8%	–20.8%	40.0%	17.3%
	Northeast	Midwest	South	West
Oct-22	96,000	185,000	808,000	336,000
Sep-22	147,000	208,000	757,000	376,000
Oct-21	114,000	214,000	817,000	418,000
Month-over-month change	–34.7%	–11.1%	6.7%	–10.6%
Year-over-year change	–15.8%	–13.6%	–1.1%	–19.6%

[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 October 2022 were at a SAAR of 1,512,000. This was 3.3% less than September and 11.0% less than October 2021. SF permits were 841,000, which was 3.3% less than October 2021. MF permits of two to four units were 51,000 and five units or more were 620,000 (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 860,000, of which 513,000 were SF and 347,000 were MF. The West followed with total permits of 330,000, of which 167,000 were SF and 163,000 were MF. Midwest total permits were 210,000, of which 110,000 were SF and 100,000 were MF. In the Northeast, total permits were 112,000, of which 51,000 were SF and 61,000 were MF (Census Bureau 2022b). Table 2 provides data by each permit category for October 2022.

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

	Total permits[a]	Single-family	Multi-family (2–4 units)[b]	Multi-family (≥5 units)
Oct-22	1,512,000	841,000	51,000	620,000
Sep-22	1,564,000	870,000	49,000	645,000
Oct-21	1,698,000	1,077,000	52,000	569,000
Month-over-month change	–3.3%	–3.3%	4.1%	–3.9%
Year-over-year change	–11.0%	–21.9%	–1.9%	9.0%
	Northeast	Midwest	South	West
Oct-22	112,000	210,000	860,000	330,000
Sep-22	129,000	209,000	847,000	379,000
Oct-21	136,000	233,000	894,000	435,000
Month-over-month change	–13.2%	0.5%	1.5%	–12.9%
Year-over-year change	–17.6%	–9.9%	–3.8%	–24.1%

[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 October 2022 was at a SAAR of 1,722,000. This was a 0.8% increase from September and 17.5% greater than October 2021. SF HUC was 794,000, which was 0.5% less than September. MF HUC of two to four units was 18,000 and five units or more was 910,000 (Census Bureau 2022a).

Regionally, the South remained the strongest market, where total HUC was 806,000, of which 427,000 were SF and 379,000 were MF. The West followed with a total HUC of 480,000 units, of which 202,000 were SF and 278,000 were MF. The Northeast total HUC was 221,000, of which 60,000 were SF and 161,000 were MF. Midwest total HUC was 215,000, of which 105,000 were SF and 110,000 were MF (Census Bureau 2022a). Table 3 provides HUC data for October 2022.

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

	Total HUC[a]	Single-family	Multi-family (2–4 units)[b]	Multi-family (≥5 units)
Oct-22	1,722,000	794,000	18,000	910,000
Sep-22	1,708,000	798,000	18,000	892,000
Oct-21	1,465,000	731,000	12,000	722,000
Month-over-month change	0.8%	–0.5%	0.0%	2.0%
Year-over-year change	17.5%	8.6%	50.0%	26.0%
	Northeast	**Midwest**	**South**	**West**
Oct-22	221,000	215,000	806,000	480,000
Sep-22	223,000	213,000	793,000	479,000
Oct-21	204,000	183,000	669,000	409,000
Month-over-month change	–0.9%	0.9%	1.6%	0.2%
Year-over-year change	8.3%	17.5%	20.5%	17.4%

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

Housing Completions

Total completions in October 2022 were at a SAAR of 1,339,000. This was 6.4% less than September and 6.6% greater than October 2021. SF completions were 961,000, which is 8.3% less than October 2021. MF completions of two to four units were 16,000 and five units or more were 362,000 (Census Bureau 2022a).

The South remained the strongest market, where total completions were 703,000, of which 568,000 were SF and 135,000 were MF. The West followed with total completions of 357,000 units, of which 212,000 were SF and 145,000 were MF. Midwest total completions were 177,000, of which 122,000 were SF and 55,000 were MF. Total Northeast completions were 102,000, of which 59,000 were SF and 43,000 were MF (Census Bureau 2022a). Table 4 provides housing completion data for October 2022.

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

	Total completions[a]	Single-family	Multi-family (2–4 units)[b]	Multi-family (≥5 units)
Oct-22	1,339,000	961,000	16,000	362,000
Sep-22	1,431,000	1,048,000	2,000	381,000
Oct-21	1,256,000	936,000	14,000	306,000
Month-over-month change	–6.4%	–8.3%	700.0%	–5.0%
Year-over-year change	6.6%	2.7%	14.3%	18.3%
	Northeast	**Midwest**	**South**	**West**
Oct-22	102,000	177,000	703,000	357,000
Sep-22	122,000	207,000	750,000	352,000
Oct-21	115,000	171,000	645,000	325,000
Month-over-month change	–16.4%	–14.5%	–6.3%	1.4%
Year-over-year change	–11.3%	3.5%	9.0%	9.8%

[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 October 2022 were estimated at a SAAR of 632,000 units. This was an increase of 7.5% from September and 5.8% less than October 2021. Regionally, the South remained the strongest market with total new SF house sales of 399,000, followed by the West with 132,000. The Midwest recorded 50,000 sales and the Northeast had 51,000 (Census Bureau 2022c).

The median sales price of new houses sold in October 2022 was $493,000, and the mean sales price was $544,000 (Census Bureau 2022c). Table 5 provides new SF sales data for October 2022.

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

	New SF sales[a]	Median price	Mean price	Month's supply
Oct-22	632,000	$493,000	$544,000	8.9
Sep-22	588,000	$455,700	$516,400	9.4
Oct-21	671,000	$427,300	$487,700	6.9
Month-over-month change	7.5%	8.2%	5.3%	–5.3%
Year-over-year change	–5.8%	15.4%	11.5%	29.0%
	Northeast	Midwest	South	West
Oct-22	51,000	50,000	399,000	132,000
Sep-22	35,000	76,000	344,000	133,000
Oct-21	32,000	68,000	400,000	171,000
Month-over-month change	45.7%	–34.2%	16.0%	–0.8%
Year-over-year change	59.4%	–26.5%	–0.2%	–22.8%

[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 October 2022 was at a SAAR of $887,224 million, a 0.3% decrease from September and an 8.6% improvement from October 2021. SF construction spending was $410,076 million, and MF construction spending was $102,593 million. Improvement, or remodeling, spending was $374,555 million (Census Bureau 2022d). Table 6 provides data for each construction spending category for October 2022.

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

	Total private residential construction spending[a, b]	Single-family	Multi-family	Improvement[c]
Oct-22	$887,224	$410,076	$102,593	$374,555
Sep-22	$889,963	$420,900	$102,024	$367,039
Oct-21	$816,908	$433,480	$100,988	$282,440
Month-over-month change	–0.3%	–2.6%	0.6%	2.0%
Year-over-year change	8.6%	–5.4%	1.6%	32.6%

[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 October 2022 were at a SAAR of 4,430,000 units. This is a 5.9% decrease from September and a 28.4% decline from October 2021. Regionally, the South remained the strongest market, with total existing house sales of 1,980,000 units, followed by the Midwest at 1,080,000 units. The West had total existing sales of 800,000 units and the Northeast had 570,000 units (FRED 2022a). Table 7 provides existing house sales data for October 2022.

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

	Existing sales[a]	Median price	Month's supply
Oct-22	4,430,000	$379,100	3.3
Sep-22	4,710,000	$383,500	3.1
Oct-21	6,190,000	$355,700	2.4
Month-over-month change	–5.9%	–1.1%	6.5%
Year-over-year change	–28.4%	6.6%	37.5%

	Northeast	Midwest	South	West
Oct-22	570,000	1,080,000	1,980,000	800,000
Sep-22	610,000	1,140,000	2,080,000	880,000
Oct-21	740,000	1,450,000	2,720,000	1,280,000
Month-over-month change	–6.6%	–5.3%	–4.8%	–9.1%
Year-over-year change	–23.0%	–25.5%	–27.2%	–37.5%

[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 October 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.

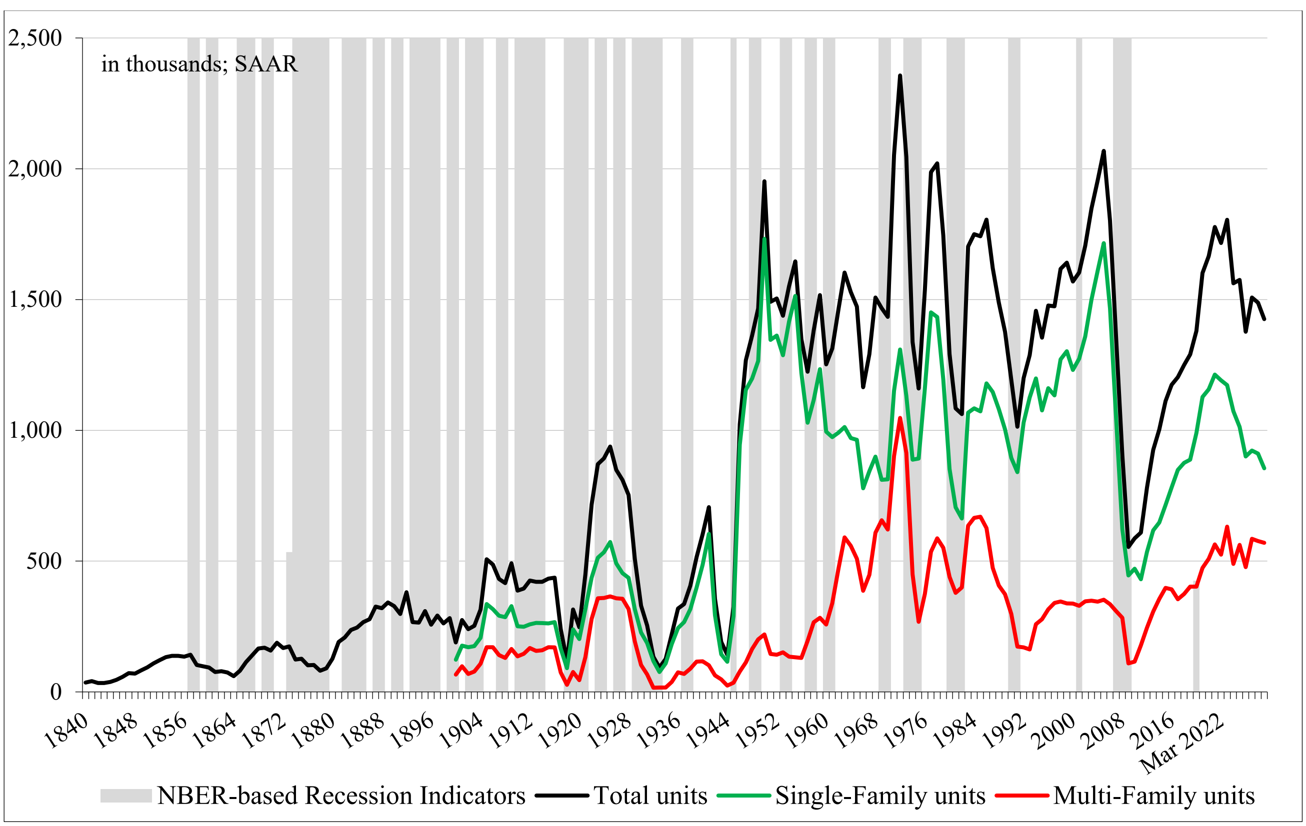

Figure 1. U.S. housing units and starts: 1840 to October 2022. Sources: FRED (2021), Gottlieb (1964), HHFA (1948), and Census Bureau (2022a).