



# Housing Starts in Decline

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Did you know that last year, roughly 1.66 million new homes were constructed? This includes single-family homes (975 million), 2–4-unit residences (54.8 million), and buildings with 5 or more family units (635 million). This total number is actually down from the 1.73 million new homes built in 2021, and 2023 is on pace for a further decline, to somewhere around 1.44 million residences.

These numbers are closely tracked by the U.S. Census Bureau on a monthly basis and are among the tea leaves that economists are reading to determine the health of the U.S. economy. One of their conclusions is that more construction is needed to combat a persistent housing shortage among younger people in America.

But a bigger issue might be affordability. Just over 28% of new homes sold last year were priced between \$500,000 and \$749,000, and from 2021 to 2022, there was a 15% increase in the number of new homes sold in that price range. Meanwhile, less than 1% of all new homes sold in 2022 were priced under \$200,000.

While developers seem to be dragging their feet a bit, there is evidence that demand for new homes is strong and getting more so. Nearly half (49%) of new homes sold in 2022 were under construction when they were sold, and another 20% were purchased before construction began.

## Sources:

<https://www.census.gov/construction/nrc/pdf/newresconst.pdf>

<https://www.thisoldhouse.com/storage-organization/reviews/new-home-construction-statistics>

If you have any questions about this article or want to discuss your family finances, investment portfolio, or financial planning advice, please call on me anytime at my number [\(215\) 325-1595](tel:2153251595) or you can [click here to schedule a meeting](#).

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