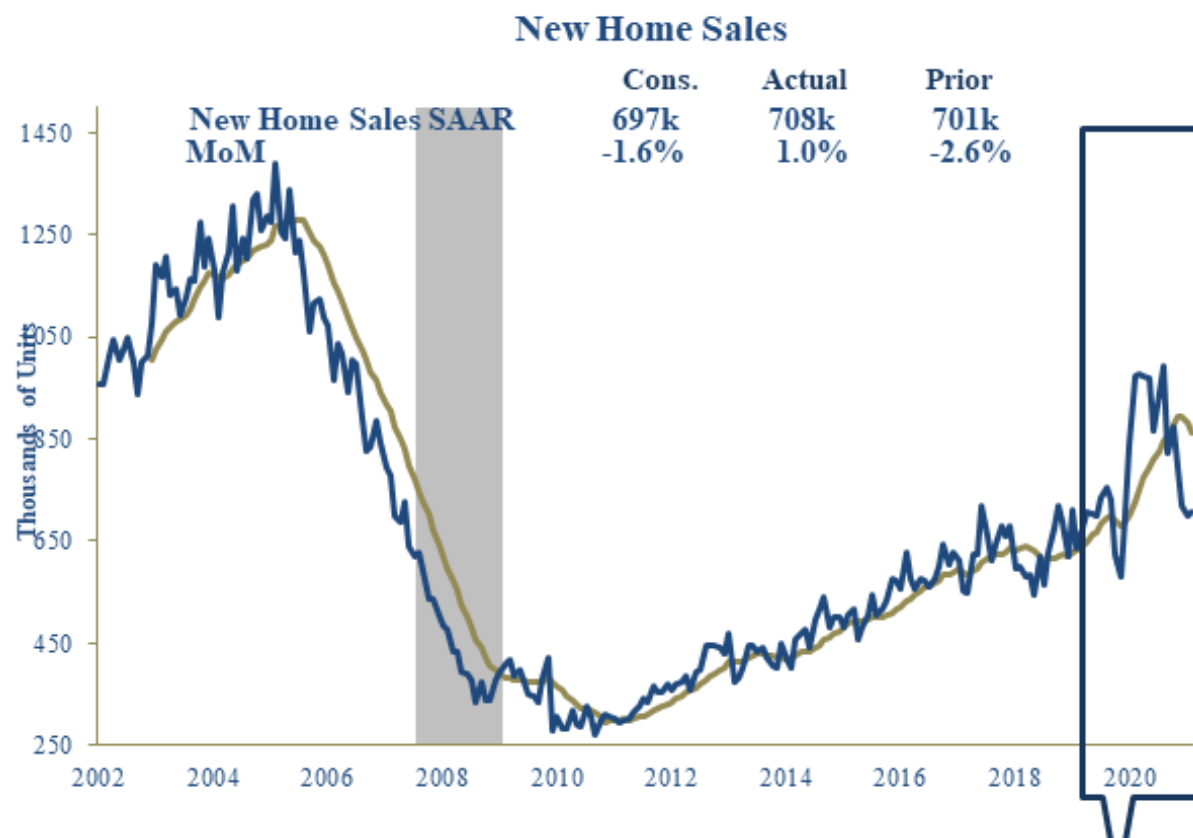
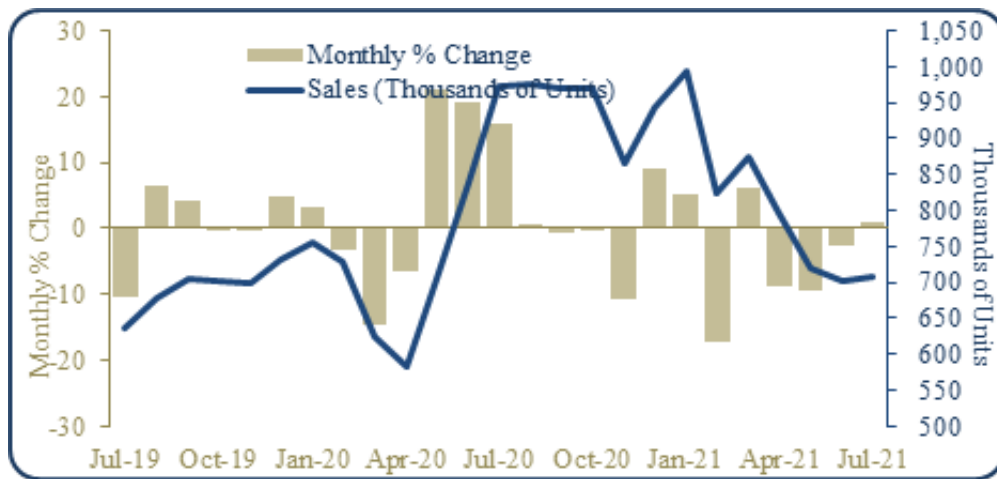


24.Aug.2021

## New Home Sales: Modest Rebound, Better Than Expected

**Bottom Line:** New home sales rebounded slightly more than expected in July, and sales were revised slightly higher for June. Still, on a trend basis, sales continue to correct after last year's explosive growth. Through July, three-month average sales were 710k, well below the six- and 12-month averages of 770k and 862k, respectively. These data suggest that residential investment's positive impact on GDP has faded. It had appeared that residential investment would continue to correct, dragging on GDP in the 2nd half of the year. But it appears that if mortgage rates can stay near or below 3%, we could avoid that.



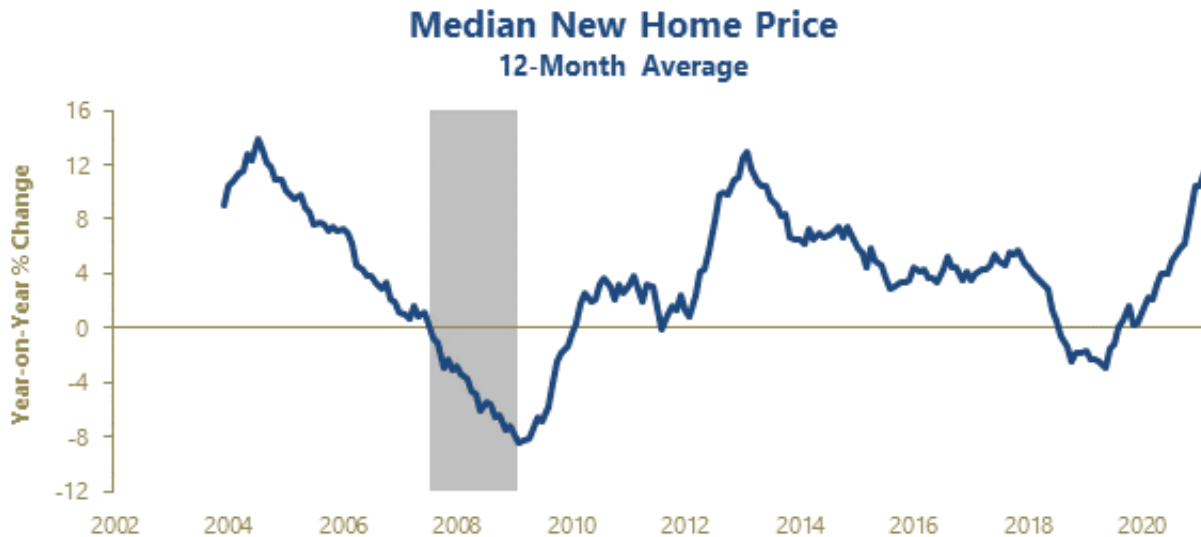


**New Home Sales** ROSE by 1.0% to 708k, after the prior month was revised higher to 724k. This compared with market expectations for an increase to 697k, from the unrevised June level of 676k. Sales are now 27.2% BELOW their year-ago level.

**The Inventory of Homes Available for Sale** ROSE by 5.5% to 367k. Inventories are now 26.1% ABOVE their year-ago.

Combined with the increase in sales, the **Months' Supply** increased to 6.2 months from 6.0 months. This is modestly ABOVE a normal level of 6.0 months.

**Home Prices** ROSE with median prices 18.4% ABOVE their year-ago level and with average prices 17.6% ABOVE their year-ago level.



## New Home Months' Supply



|                                    | Monthly (thousands of units) |        |        |        | Averages    |           |              |       |       |           |          |
|------------------------------------|------------------------------|--------|--------|--------|-------------|-----------|--------------|-------|-------|-----------|----------|
|                                    | Jul-21                       | Jun-21 | May-21 | Apr-21 | Three Month | Six Month | Twelve Month | 2020  | 2019  | Five Year | Ten Year |
| <b>New Home Sales</b>              | 708                          | 701    | 720    | 796    | 710         | 770       | 862          | 943   | 733   | 692       | 568      |
| (percent change)                   | 1.0                          | -2.6   | -9.5   | -8.8   |             |           |              | 28.6  | 29.5  |           |          |
| <b>Northeast (thousands)</b>       | 22                           | 29     | 43     | 41     | 31          | 37        | 39           | 41    | 39    | 36        | 31       |
| (percent change)                   | -24.1                        | -32.6  | 4.9    | -12.8  |             |           |              | 5.1   | 44.4  |           |          |
| <b>Midwest (thousands)</b>         | 71                           | 89     | 84     | 98     | 81          | 93        | 99           | 112   | 83    | 78        | 69       |
| (percent change)                   | -20.2                        | 6.0    | -14.3  | -10.1  |             |           |              | 34.9  | 33.9  |           |          |
| <b>South (thousands)</b>           | 400                          | 395    | 408    | 476    | 401         | 449       | 502          | 553   | 399   | 393       | 320      |
| (percent change)                   | 1.3                          | -3.2   | -14.3  | -13.5  |             |           |              | 38.6  | 13.4  |           |          |
| <b>West (thousands)</b>            | 215                          | 188    | 185    | 181    | 196         | 192       | 221          | 237   | 212   | 186       | 148      |
| (percent change)                   | 14.4                         | 1.6    | 2.2    | 8.4    |             |           |              | 11.8  | 69.6  |           |          |
| <b>Inventory (thousands)</b>       | 367                          | 348    | 330    | 317    | 348         | 329       | 310          | 299   | 322   | 303       | 244      |
| <b>Months' Supply</b>              | 6.2                          | 6.0    | 5.5    | 4.8    | 5.9         | 5.2       | 4.4          | 3.8   | 5.3   | 5.4       | 5.2      |
| <b>Median Sales Price (\$000)</b>  | 390.5                        | 370.2  | 387.3  | 376.6  | 382.7       | 374.4     | 362.7        | 323.1 | 321.6 | 305.6     | 269.5    |
| (year-on-year percent change)      | 18.4                         | 8.5    | 22.1   | 21.4   | 16.2        | 14.7      | 11.3         | 0.5   | 4.9   |           |          |
| <b>Average Sales Price (\$000)</b> | 446.0                        | 429.6  | 442.5  | 434.8  | 439.4       | 429.2     | 414.8        | 379.3 | 377.8 | 361.4     | 321.5    |
| (year-on-year percent change)      | 17.6                         | 12.4   | 20.0   | 20.7   | 16.6        | 14.4      | 9.6          | 0.4   | 5.2   |           |          |

Source: Bureau of the Census via Bloomberg. Our calculations.  
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August 24, 2021

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