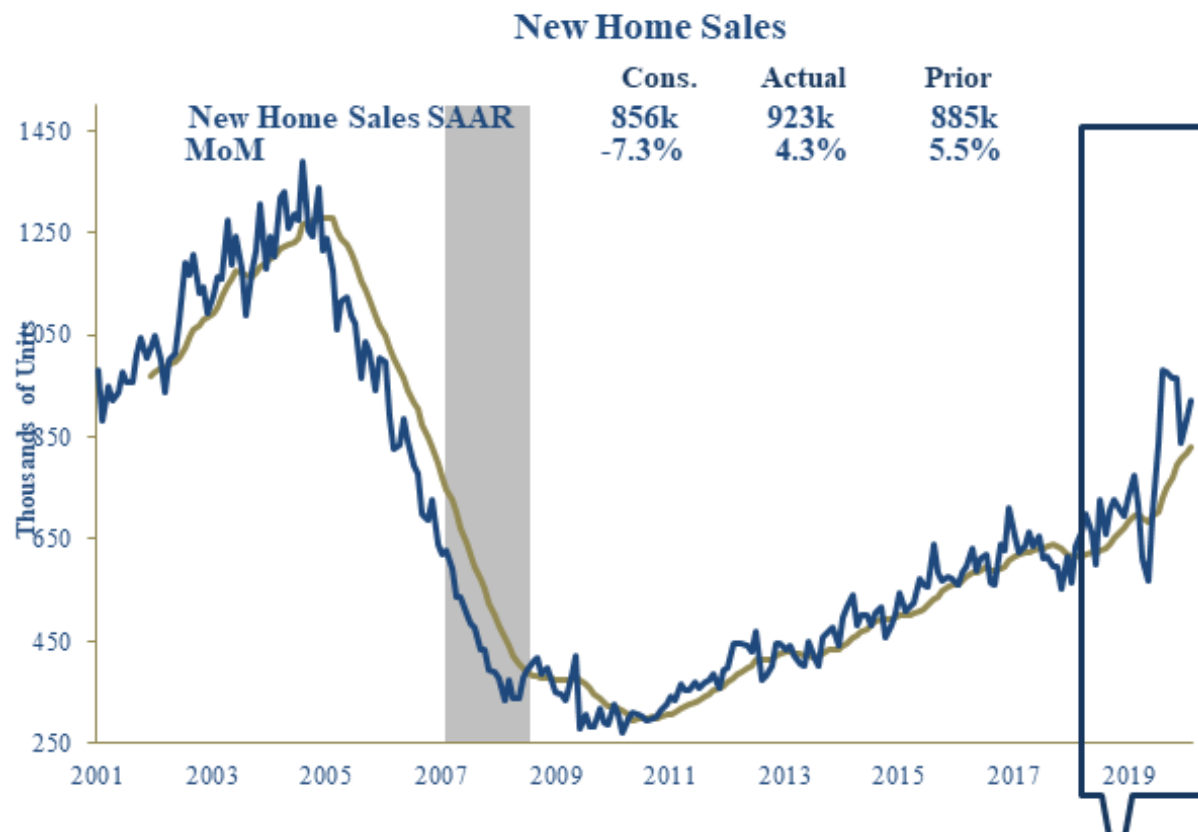
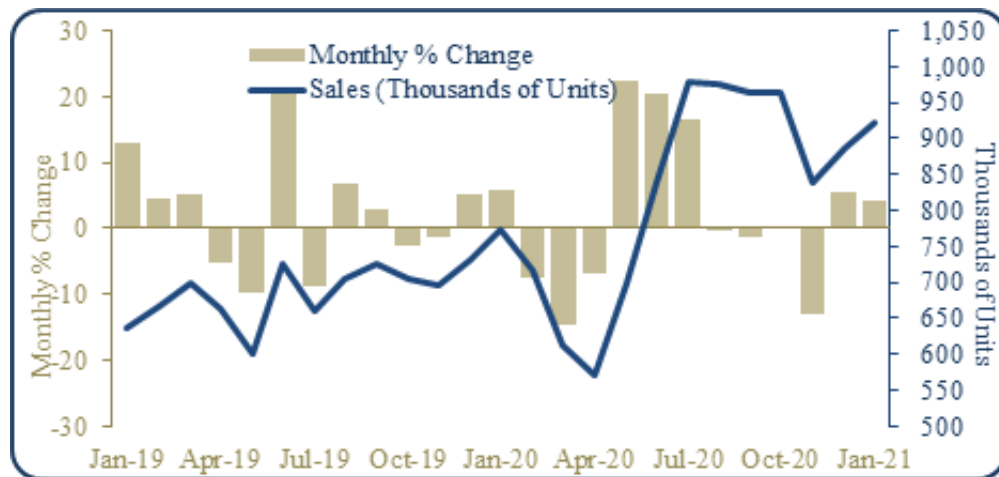


24.Feb.2021

New Home Sales: Strong Start to 2021

Bottom Line: Sales were sharply higher in January and revised higher for December, coming in well above expectations. After strong gains from August through October, sales slowed in November and December modestly before reaccelerating to start 2021. Demand for single-family homes continued to drive demand. The only headwind for new home sales appears to be builders' ability to secure pipelines of buildable lots. Input prices, including lumber and other supply-chain bottlenecks, will increasingly be a factor. Inventories of new homes slipped to just four months of sales. Still, this is one of the strongest housing markets in nearly 15 years, and it will likely remain a driver of economic growth as long as mortgage rates hold below 3.25%.



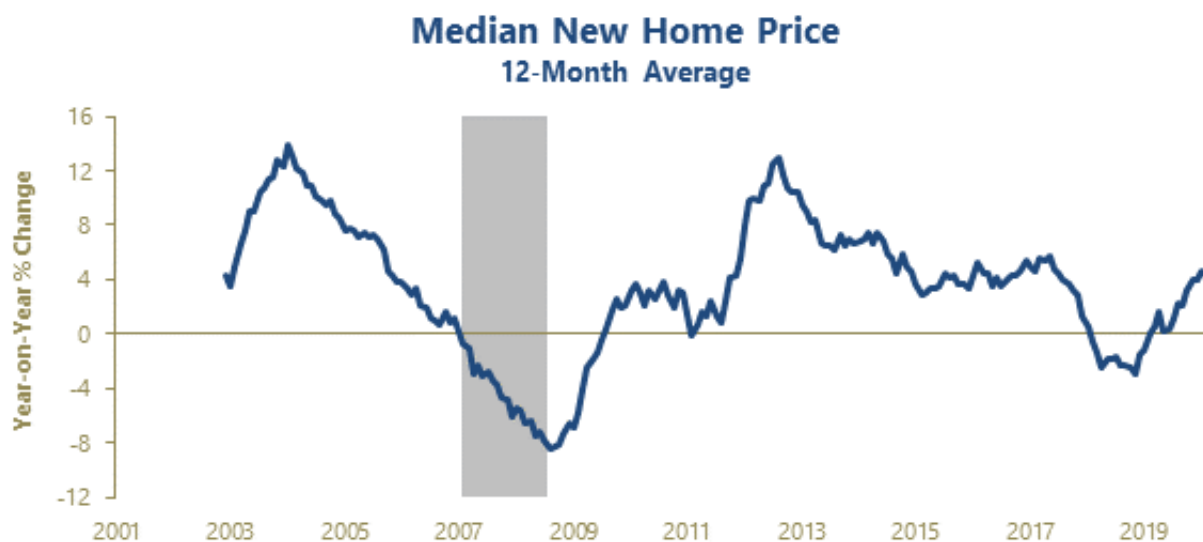


New Home Sales ROSE by 4.3% to 923k, after the prior month was revised higher to 965k. This compared with market expectations for an increase to 856k, from the unrevised December level of 842k. Sales are now 19.3% ABOVE their year ago level, -- but they are still 33.5% BELOW their July 2005 peak.

The Inventory of Homes Available for Sale ROSE by 2.7% to 307k. Inventories are now 5.5% BELOW their year ago level but still 46.3% BELOW their July 2006 peak level.

Combined with the increase in sales, the **Months' Supply** dropped to 4.0 months from 4.1 months. This is modestly BELOW a normal level of 6.0 months and well BELOW its peak of 12.2 in January 2009.

Home Prices ROSE with median prices 5.3% ABOVE their year-ago level and with average prices 6.5% ABOVE their year-ago level.



New Home Months' Supply



	Monthly <i>(thousands of units)</i>				Averages						
	Jan-21	Dec-20	Nov-20	Oct-20	Three Month	Six Month	Twelve Month	2018	2017	Five Year	Ten Year
New Home Sales	923	885	839	965	882	926	831	564	657	565	468
(percent change)	4.3	5.5	-13.1	0.0				-14.2	17.1		
Northeast (thousands)	31	36	31	40	33	37	36	27	35	32	29
(percent change)	-13.9	16.1	-22.5	8.1				-22.9	-5.4		
Midwest (thousands)	107	95	75	111	92	97	91	63	65	65	58
(percent change)	12.6	26.7	-32.4	15.6				-3.1	-3.0		
South (thousands)	549	533	514	537	532	545	485	350	362	318	259
(percent change)	3.0	3.7	-4.3	-3.8				-3.3	21.9		
West (thousands)	236	221	219	277	225	248	218	124	195	150	121
(percent change)	6.8	0.9	-20.9	1.1				-36.4	21.9		
Inventory (thousands)	307	299	290	285	299	292	303	346	293	267	225
Months' Supply	4.0	4.1	4.1	3.5	4.1	3.8	4.6	7.4	5.4	5.7	5.8
Median Sales Price (\$000)	346.4	353.1	349.8	346.9	349.8	344.4	335.4	323.1	321.6	305.6	269.5
(year-on-year percent change)	5.3	7.2	6.6	7.6	6.4	5.9	4.4	0.5	4.9		
Average Sales Price (\$000)	408.8	394.7	392.5	394.6	398.7	397.0	386.2	379.3	377.8	361.4	321.5
(year-on-year percent change)	6.5	4.5	2.1	3.8	4.4	4.0	1.9	0.4	5.2		

Source: Bureau of the Census via Bloomberg. Our calculations.

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February 24, 2021

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