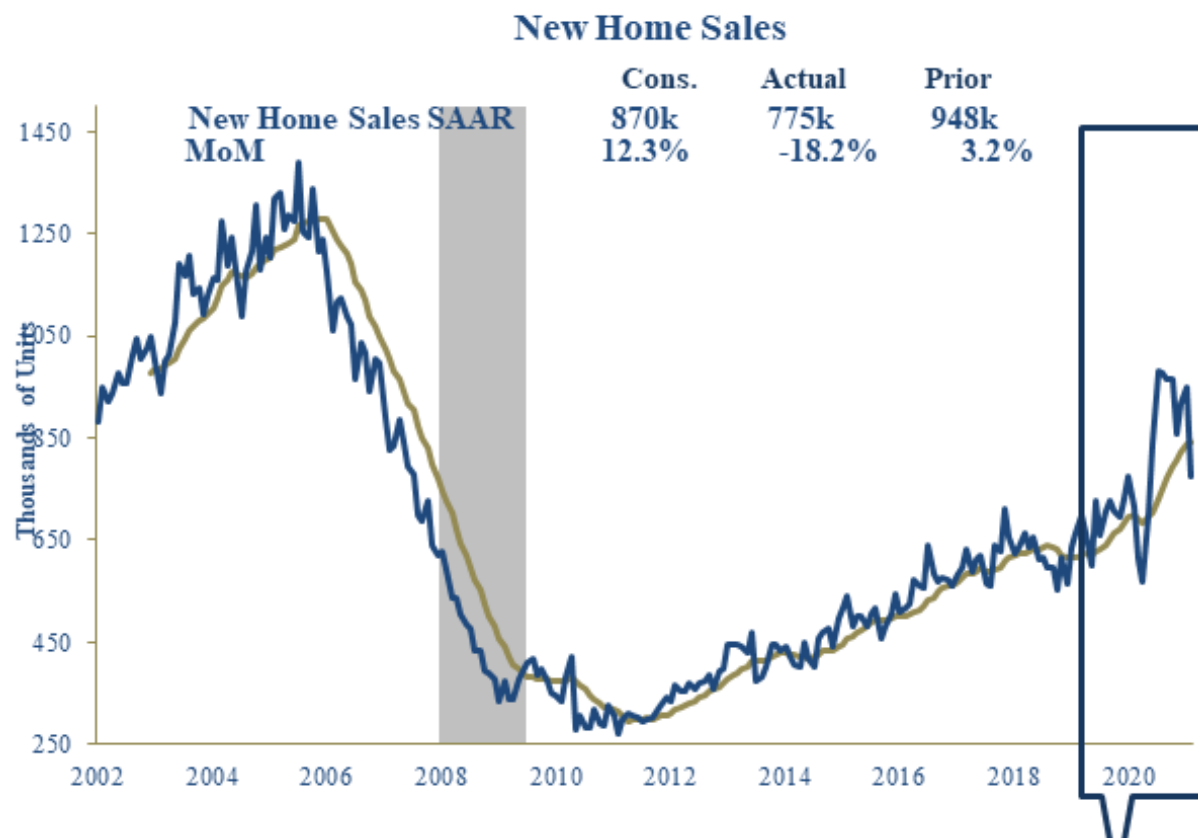
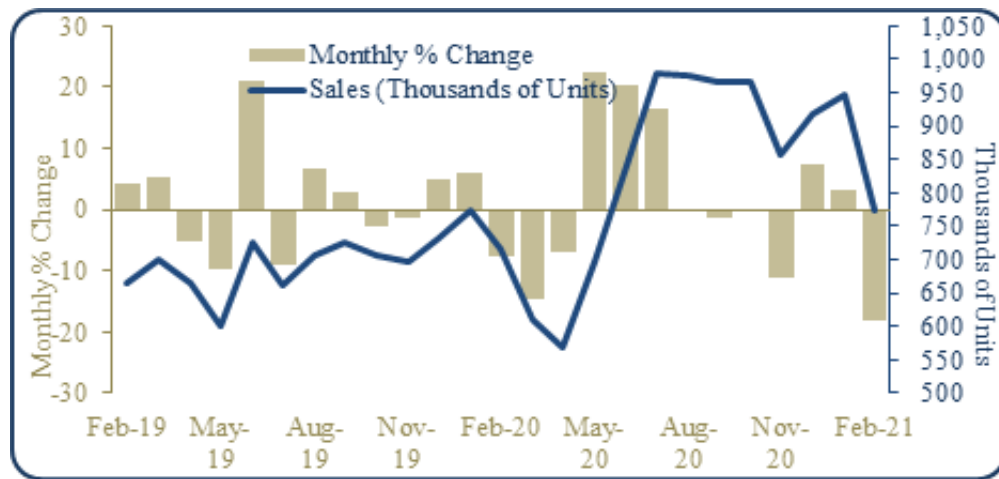


23.Mar.2021

New Home Sales: February Lower As Jan Revised Higher

Bottom Line: While the weather was a factor in the lower sales in February, there were hints that higher interest rates started to take a toll on the red-hot housing market. Sales in the West, where prices are typically higher, fell over 16%, sharply below the 12-month average pace. This appears to suggest the increase in rates was a factor. Overall, sales were still historically strong. But amid substantial volatility, it appeared the trend had plateaued. Inventories also rose for the fourth month in a row, bringing the months' supply metric to 4.8 from 3.8 in January, still below a normal six months but potentially indicating the supply-chain bottlenecks have had only a limited impact on builders.



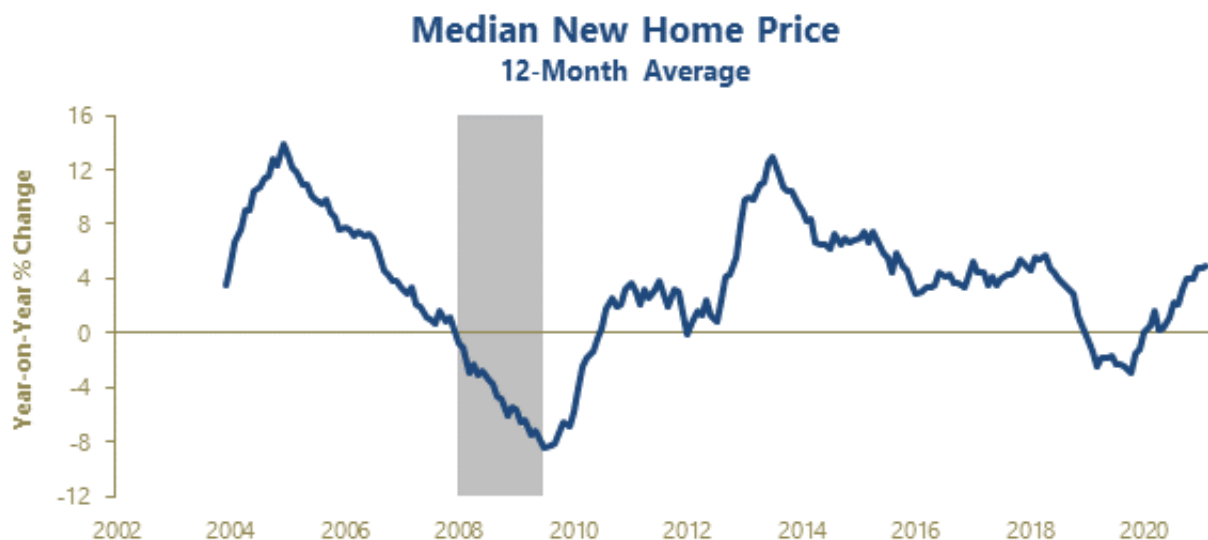


New Home Sales FELL by 18.2% to 775k, after the prior month was revised higher to 965k. This compared with market expectations for a decline to 870k, from the unrevised January level of 923k. Sales are now 8.2% ABOVE their year-ago level.

The Inventory of Homes Available for Sale ROSE by 2.6% to 312k. Inventories are now 4.6% BELOW their year-ago level.

Combined with the decline in sales, **the Months' Supply** increased to 4.8 months from 3.8 months. This is modestly BELOW a normal level of 6.0 months.

Home Prices ROSE with median prices 5.3% ABOVE their year-ago level and with average prices 7.7% ABOVE their year-ago level.



New Home Months' Supply



	Monthly <i>(thousands of units)</i>				Averages						
	Feb-21	Jan-21	Dec-20	Nov-20	Three Month	Six Month	Twelve Month	2018	2017	Five Year	Ten Year
New Home Sales	775	948	919	857	881	905	842	564	657	565	468
(percent change)	-18.2	3.2	7.2	-11.2				-14.2	17.1		
Northeast (thousands)	38	43	39	33	40	38	37	27	35	32	29
(percent change)	-11.6	10.3	18.2	-17.5				-22.9	-5.4		
Midwest (thousands)	85	136	121	95	114	107	98	63	65	65	58
(percent change)	-37.5	12.4	27.4	-14.4				-3.1	-3.0		
South (thousands)	458	537	534	515	510	523	491	350	362	318	259
(percent change)	-14.7	0.6	3.7	-4.1				-3.3	21.9		
West (thousands)	194	232	225	214	217	236	216	124	195	150	121
(percent change)	-16.4	3.1	5.1	-22.7				-36.4	21.9		
Inventory (thousands)	312	304	299	291	305	296	302	346	293	267	225
Months' Supply	4.8	3.8	3.9	4.1	4.2	4.0	4.5	7.4	5.4	5.7	5.8
Median Sales Price (\$000)	349.4	353.2	356.6	350.8	353.1	350.2	337.8	323.1	321.6	305.6	269.5
(year-on-year percent change)	5.3	7.4	8.2	7.0	7.0	7.4	4.8	0.5	4.9		
Average Sales Price (\$000)	416.0	410.4	394.0	396.1	406.8	402.7	389.0	379.3	377.8	361.4	321.5
(year-on-year percent change)	7.7	6.9	4.3	3.0	6.3	5.8	2.6	0.4	5.2		

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

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March 23, 2021

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