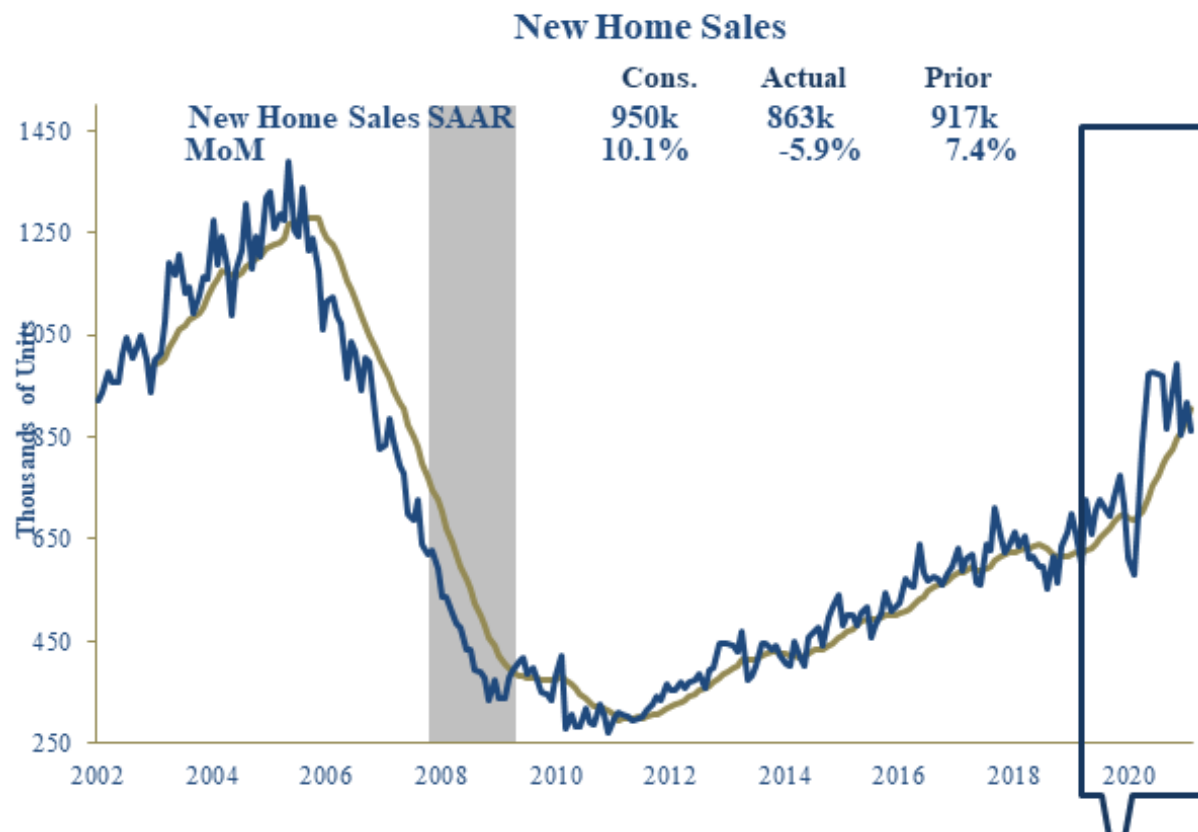
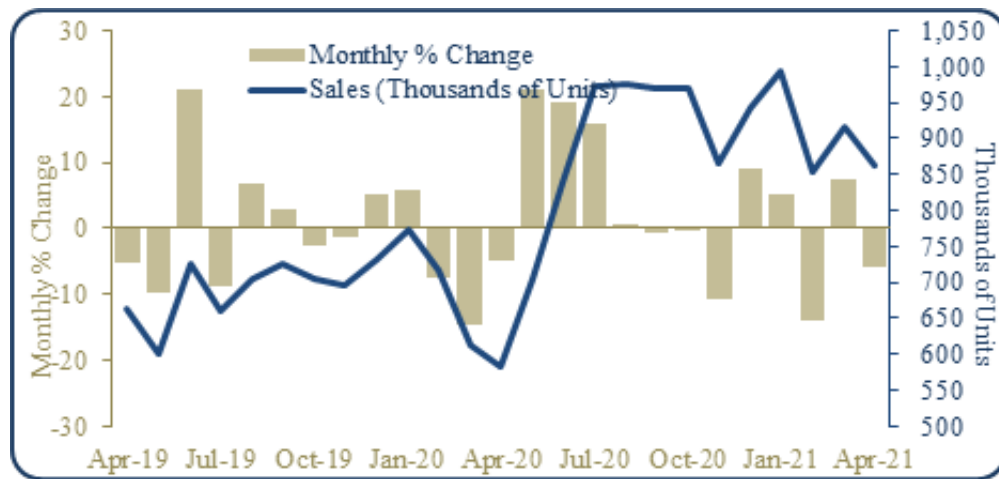


25.May.2021

New Home Sales: Tight Supply And Higher Rates Start To Matter

Bottom Line: New home sales slowed in April and were revised modestly lower for March. After peaking in January, sales slowed as continued high prices and higher mortgage rates dampened affordability. Sales over the last three months have averaged 878k annualized units, down from the six- and twelve-month averages of 906k and the 2020 pace of 943k annualized units, suggesting a deceleration in the pace of gains. Still, the pace of gains is well above that of 2019, 731k, and the 5-year average of 691k. Home prices were sharply higher in April, as tight supply conditions left sellers with pricing power. Overall, housing activity remains robust but is clearly cooling modestly as higher prices and higher mortgage rates take their toll on affordability.



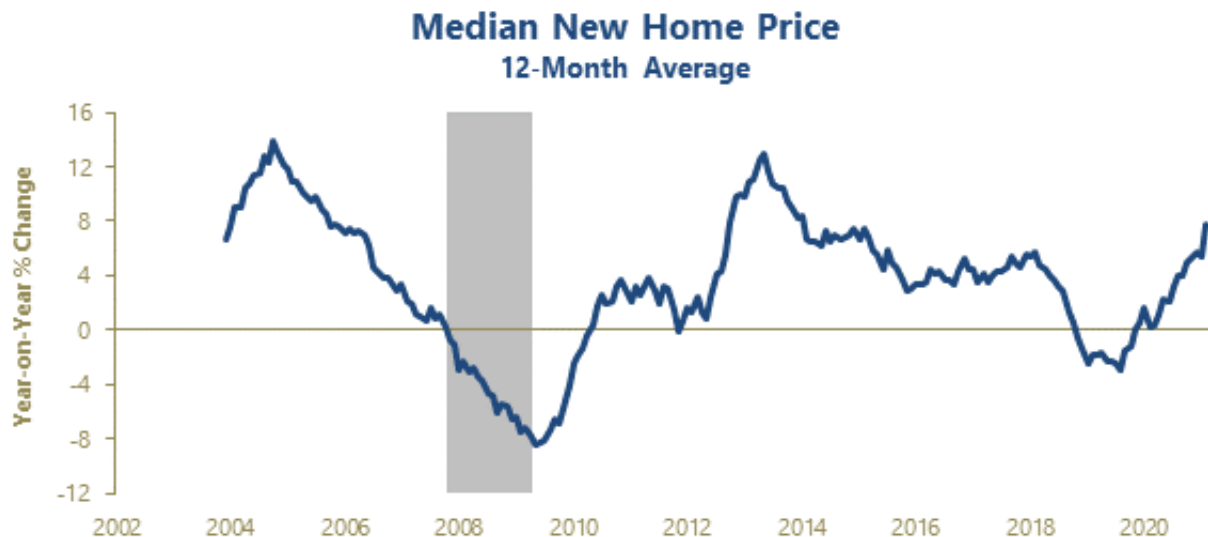


New Home Sales FELL by 5.9% to 863k, after the prior month was revised lower to 917k. This compared with market expectations for a decline to 950k, from the unrevised March level of 1021k. Sales are now 48.3% ABOVE their year-ago level.

The Inventory of Homes Available for Sale ROSE by 3.9% to 316k. Inventories are now 1.6% BELOW their year-ago.

Combined with the decline in sales, **the Months' Supply increased to 4.4 months from 4.0 months.** This is modestly BELOW a normal level of 6.0 months.

Home Prices ROSE with median prices 20.1% ABOVE their year-ago level and with average prices 20.8% ABOVE their year-ago level.



New Home Months' Supply



	Monthly <i>(thousands of units)</i>				Averages						
	Apr-21	Mar-21	Feb-21	Jan-21	Three Month	Six Month	Twelve Month	2020	2019	Five Year	Ten Year
New Home Sales	863	917	854	993	878	906	906	943	731	691	567
(percent change)	-5.9	7.4	-14.0	5.3				29.0	29.6		
Northeast (thousands)	44	51	39	47	45	43	42	41	39	36	31
(percent change)	-13.7	30.8	-17.0	14.6				5.1	44.4		
Midwest (thousands)	110	120	113	124	114	113	106	112	83	78	69
(percent change)	-8.3	6.2	-8.9	10.7				34.9	31.7		
South (thousands)	545	594	479	575	539	545	535	553	397	392	319
(percent change)	-8.2	24.0	-16.7	4.0				39.3	13.4		
West (thousands)	164	152	223	247	180	206	223	237	212	186	148
(percent change)	7.9	-31.8	-9.7	4.2				11.8	71.0		
Inventory (thousands)	316	304	306	302	309	303	298	299	322	303	244
Months' Supply	4.4	4.0	4.3	3.6	4.2	4.0	4.0	3.8	5.3	5.4	5.2
Median Sales Price (\$000)	372.4	334.2	352.8	373.2	353.1	358.1	346.1	323.1	321.6	305.6	269.5
(year-on-year percent change)	20.1	1.8	6.3	13.5	9.2	9.8	7.8	0.5	4.9		
Average Sales Price (\$000)	435.4	400.5	402.5	418.6	412.8	409.1	397.6	379.3	377.8	361.4	321.5
(year-on-year percent change)	20.8	6.7	4.2	9.0	10.4	8.2	5.4	0.4	5.2		

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

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May 25, 2021

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