

26.Jul.2021

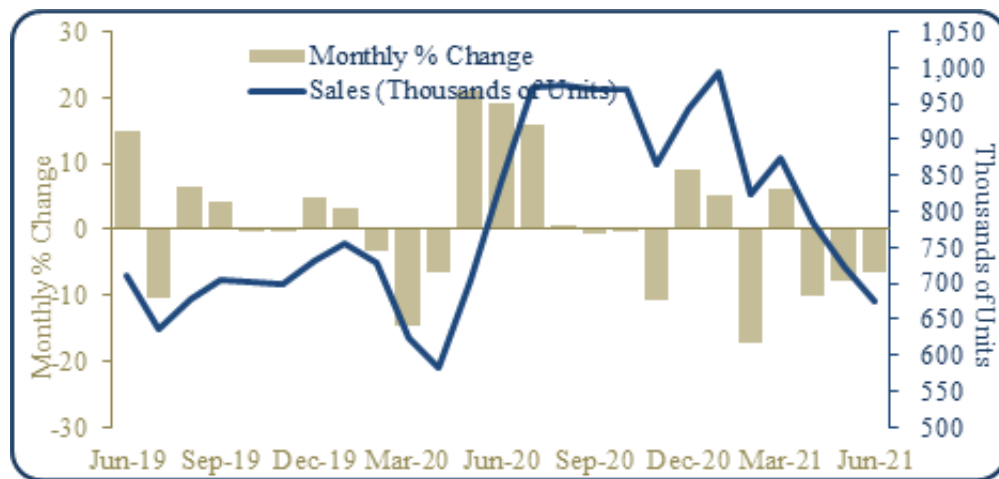
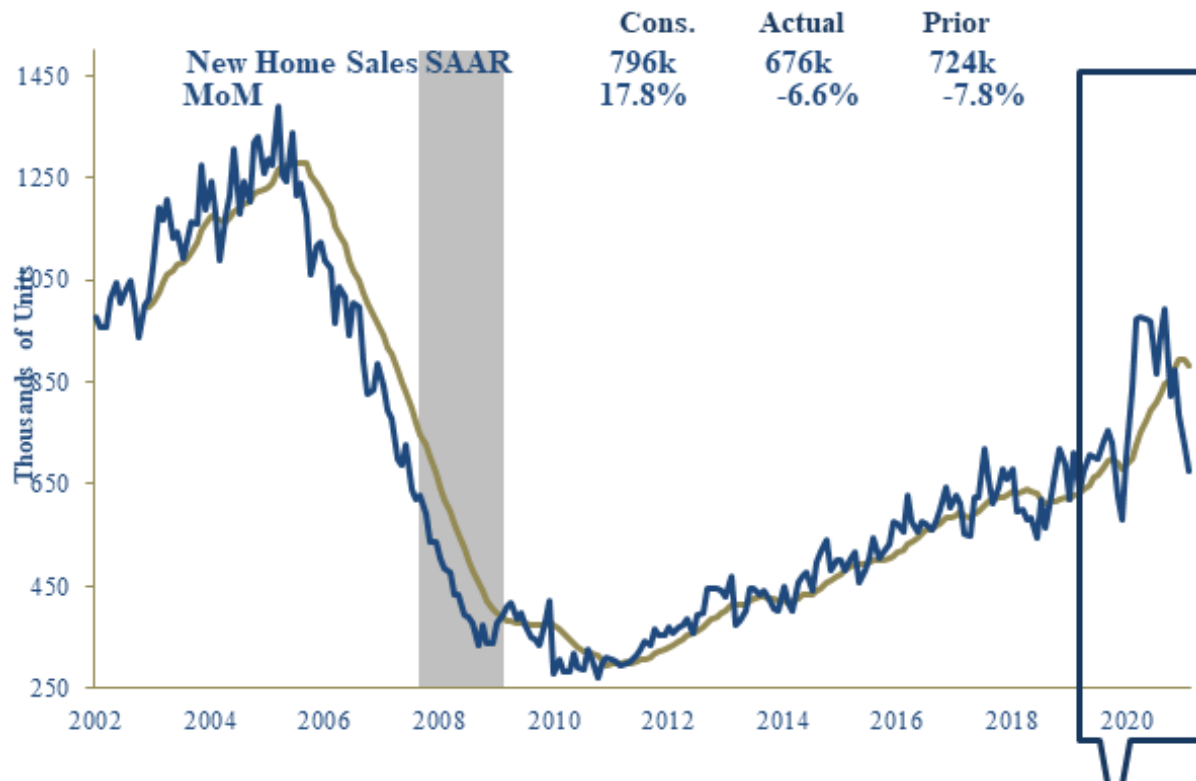
New Home Sales: Second Month of Surprise Declines

Bottom Line: New home sales fell more than expected for the second month in a row in June as affordability remained a factor for entry-level buyers. Supply conditions eased a bit with inventory increasing modestly, bringing months' supply to 6.3 months. This is consistent with the stronger housing starts data, which showed builders were trying to construct new single-family homes, despite supply chain disruptions. Prices also fell, and while still well above year-ago levels, suggests homebuilders are building more entry-level homes.

On a trend basis, the level of new home sales remains robust, but the pace of gains has slowed notably with the three-month average at 728k units, well below the 12-month average of 881k, and the 2020 pace of 943k. Housing remained an important driver of growth in the 2nd Quarter, but the housing tailwind for the economy will be notably less in the 2nd half of 2021.

Looking forward, affordability will improve modestly with lower rates in the last few weeks.

New Home Sales



New Home Sales FELL by 6.6% to 676k, after the prior month was revised lower to 724k. This compared with market expectations for an increase to 796k, from the unrevised May level of 769k. Sales are now 19.4% BELOW their year-ago level.

The Inventory of Homes Available for Sale ROSE by 7.0% to 353k. Inventories are now 17.3% ABOVE their year-ago levels. Combined with the decline in sales, the Months' Supply increased to 6.3 months from 5.5 months. This is modestly ABOVE a normal level of 6.0 months.

Home Prices ROSE with median prices 6.1% ABOVE their year-ago level and with average prices 12.2% ABOVE their year-ago level.

Median New Home Price 12-Month Average



New Home Months' Supply



	Monthly <i>(thousands of units)</i>				Averages						
	Jun-21	May-21	Apr-21	Mar-21	Three Month	Six Month	Twelve Month	2020	2019	Five Year	Ten Year
New Home Sales	676	724	785	873	728	812	881	943	733	692	568
(percent change)	-6.6	-7.8	-10.1	6.1				28.6	29.5		
Northeast (thousands)	31	43	42	47	39	42	41	41	39	36	31
(percent change)	-27.9	2.4	-10.6	17.5				5.1	44.4		
Midwest (thousands)	92	87	88	109	89	101	104	112	83	78	69
(percent change)	5.7	-1.1	-19.3	4.8				34.9	33.9		
South (thousands)	367	398	472	550	412	471	512	553	399	393	320
(percent change)	-7.8	-15.7	-14.2	18.3				38.6	13.4		
West (thousands)	186	196	183	167	188	199	224	237	212	186	148
(percent change)	-5.1	7.1	9.6	-22.0				11.8	69.6		
Inventory (thousands)	353	330	315	305	333	319	304	299	322	303	244
Months' Supply	6.3	5.5	4.8	4.2	5.5	4.8	4.2	3.8	5.3	5.4	5.2
Median Sales Price (\$000)	361.8	380.7	378.2	359.6	373.6	369.3	356.5	323.1	321.6	305.6	269.5
(year-on-year percent change)	6.1	20.1	22.0	9.6	15.7	13.2	10.0	0.5	4.9		
Average Sales Price (\$000)	428.7	434.0	437.0	414.7	433.2	423.4	408.6	379.3	377.8	361.4	321.5
(year-on-year percent change)	12.2	17.7	21.3	10.5	17.0	12.6	8.1	0.4	5.2		

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

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T.J. Connelly, Head of Research

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Steven A. Wood, Senior Economic Adviser