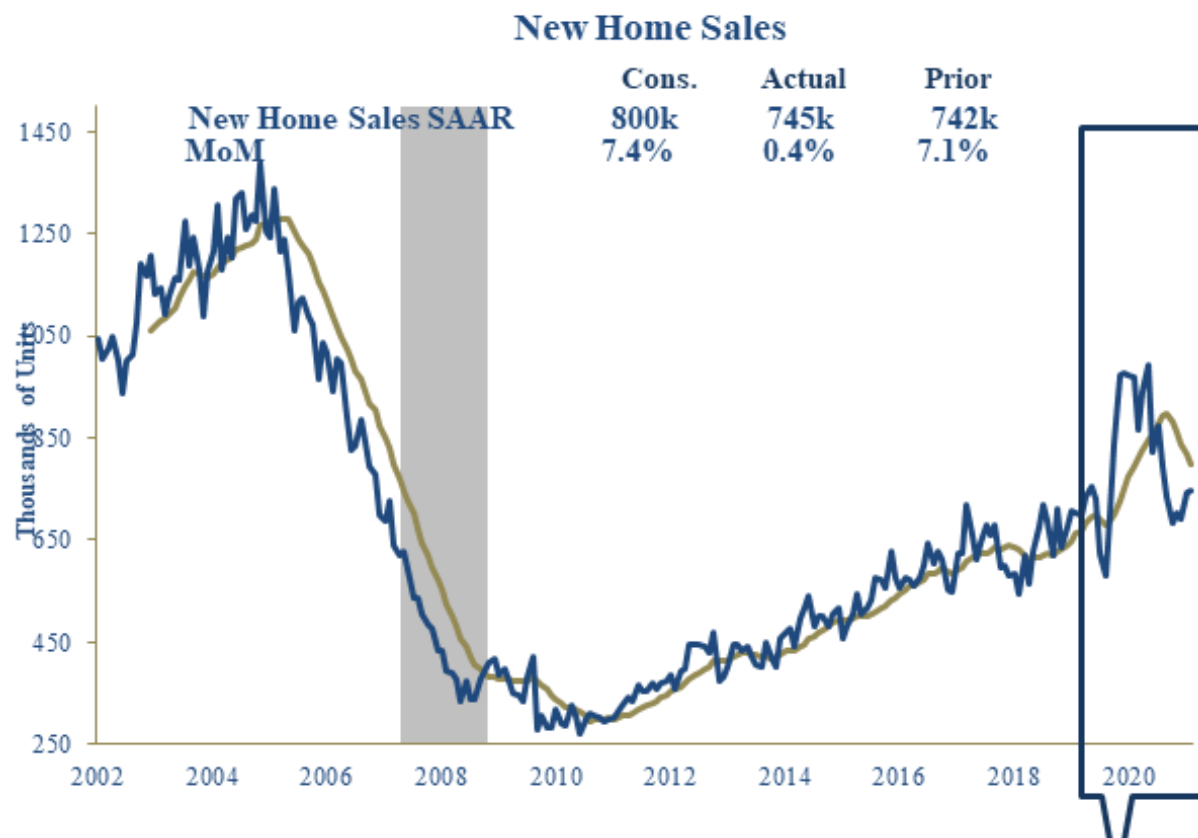
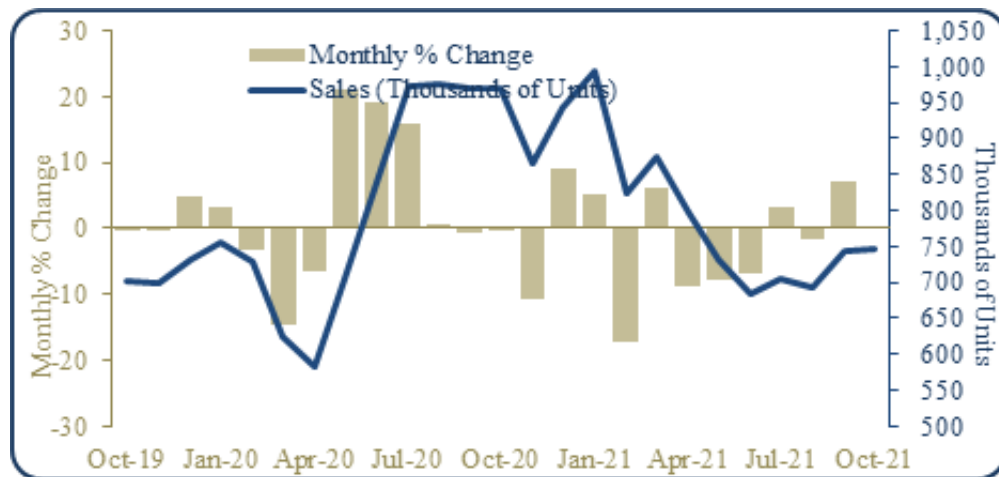


24.Nov.2021

New Home Sales: Surprise Negative Revisions, Trend Still OK

Bottom Line: New home sales rose slightly in October, but there were significant negative revisions to September data that skewed the overall report negatively. While these revisions offer hints of concern, the overall level of housing activity remains robust and most housing data suggest activity re-accelerated moderately after cooling from 2020's torrid pace. Overall, housing has plateaued but is not necessarily heading lower. The trend rate of sales remains higher than at any point since the financial crisis. While supply remains very tight in the existing home market, builders have been able to steadily increase supply to meet demand for new homes, despite supply chain constraints.



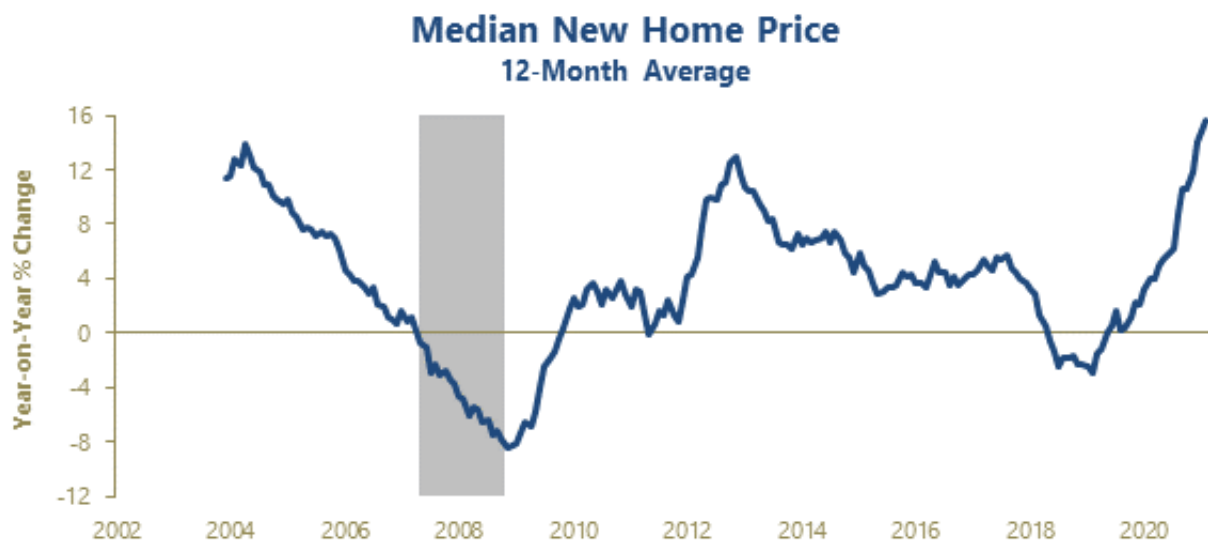


New Home Sales ROSE by 0.4% to 745k, after the prior month was revised lower to 742k. This compared with market expectations for a decline to 800k, from the unrevised September level of 800k. Sales are now 23.1% BELOW their year-ago level.

The Inventory of Homes Available for Sale ROSE by 2.9% to 389k. Inventories are now 37.0% ABOVE their year-ago.

Combined with the increase in sales, the **Months' Supply** increased to 6.3 months from 6.1 months. This is modestly ABOVE a normal level of 6.0 months.

Home Prices ROSE with median prices 17.5% ABOVE their year-ago level and with average prices 21.1% ABOVE their year-ago level.



New Home Months' Supply



	Monthly <i>(thousands of units)</i>				Averages						
	Oct-21	Sep-21	Aug-21	Jul-21	Three Month	Six Month	Twelve Month	2020	2019	Five Year	Ten Year
New Home Sales	745	742	693	704	727	717	799	943	733	692	568
(percent change)	0.4	7.1	-1.6	3.1				28.6	29.5		
Northeast (thousands)	30	34	31	27	32	32	37	41	39	36	31
(percent change)	-11.8	9.7	14.8	-3.6				5.1	44.4		
Midwest (thousands)	81	73	64	70	73	79	93	112	83	78	69
(percent change)	11.0	14.1	-8.6	-27.1				34.9	33.9		
South (thousands)	450	449	423	415	441	423	474	553	399	393	320
(percent change)	0.2	6.1	1.9	6.1				38.6	13.4		
West (thousands)	184	186	175	192	182	182	196	237	212	186	148
(percent change)	-1.1	6.3	-8.9	14.3				11.8	69.6		
Inventory (thousands)	389	378	379	365	382	365	334	299	322	303	244
Months' Supply	6.3	6.1	6.6	6.2	6.3	6.1	5.1	3.8	5.3	5.4	5.2
Median Sales Price (\$000)	407.7	404.7	407.6	406.0	406.7	398.5	381.6	323.1	321.6	305.6	269.5
(year-on-year percent change)	17.5	17.5	25.2	23.1	20.0	19.3	15.6	0.5	4.9		
Average Sales Price (\$000)	477.8	457.2	463.7	462.1	466.2	456.3	434.3	379.3	377.8	361.4	321.5
(year-on-year percent change)	21.1	12.9	20.0	21.9	17.9	18.2	13.7	0.4	5.2		

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

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November 24, 2021

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