

26.Jan.2022

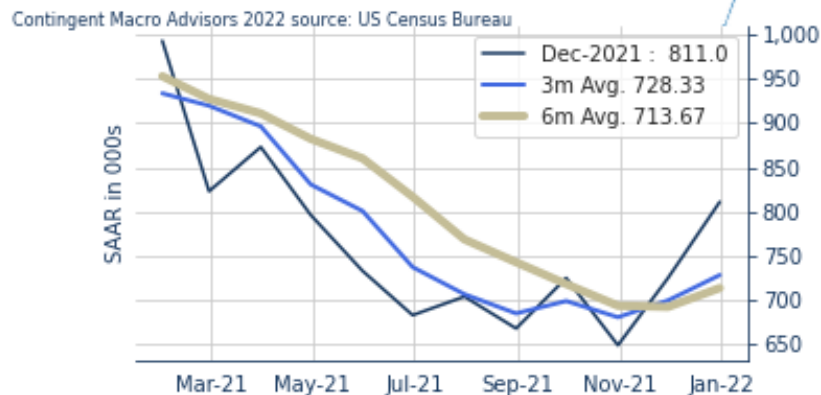
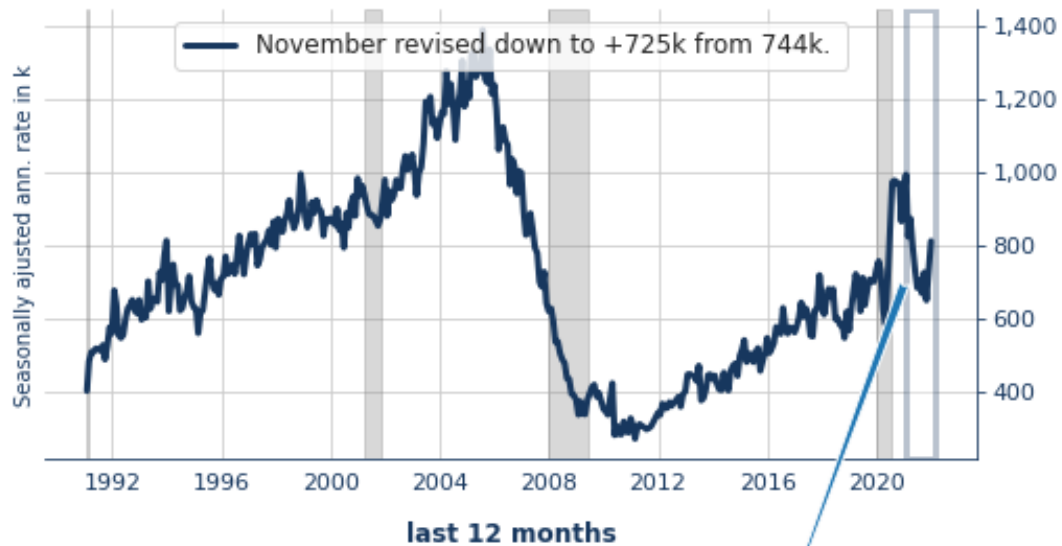
New Home Sales: Strong Sales Close '21, Supply Increased Again

Bottom Line: For now, activity remains robust. But the supply conditions in the new home market leave it vulnerable if the housing market starts to slow materially with higher mortgage rates.

New home sales rose in December. While there were negative revisions for the third month in a row, activity on net was still stronger than expected. Despite higher mortgage rates, the trend rate of new home sales has plateaued but remains historically elevated, if moderately below 2020 levels. Inventories of new homes for sales rose again. And while months supply dropped with the increase in sales, the supply conditions in the new home market remain notably looser than in the existing home market. Inventories are trending higher and months supply is still slightly above the average of the last ten years. Moreover, median and average sales prices have started to decline. While that is mostly due to activity shifting towards first-time buyers, there are hints of price cutting.

US New Home Sales

December: 811k +86k
consensus: +760k



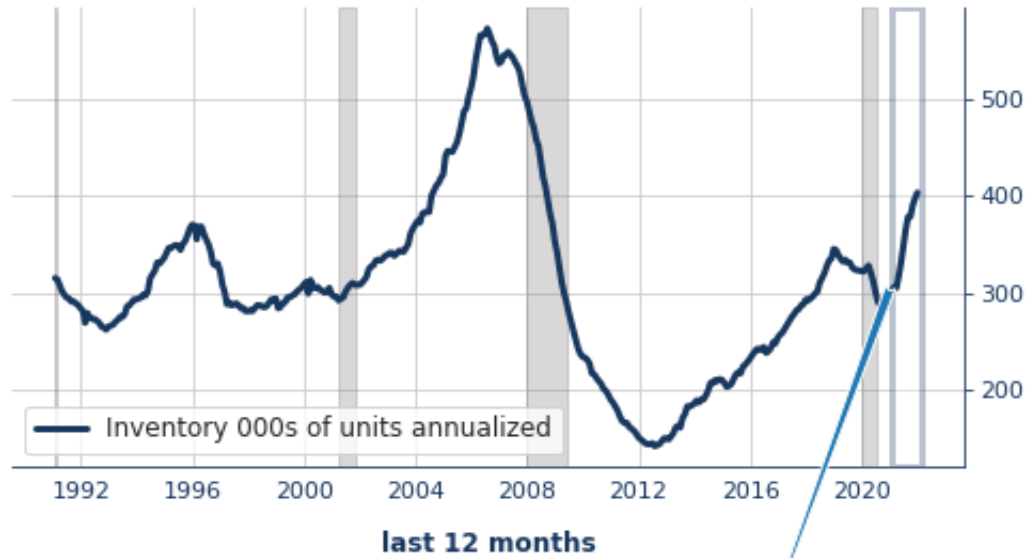
New Home Sales ROSE by 11.9% to 811k, after the prior month was revised lower to 702k. This compared with market expectations for an increase to 760k, from the unrevised November level of 744k. Sales are now 14.0% BELOW their year-ago level.

The Inventory of Homes Available for Sale ROSE by 1.5% to 403k. Inventories are now 34.8% ABOVE their year-ago.

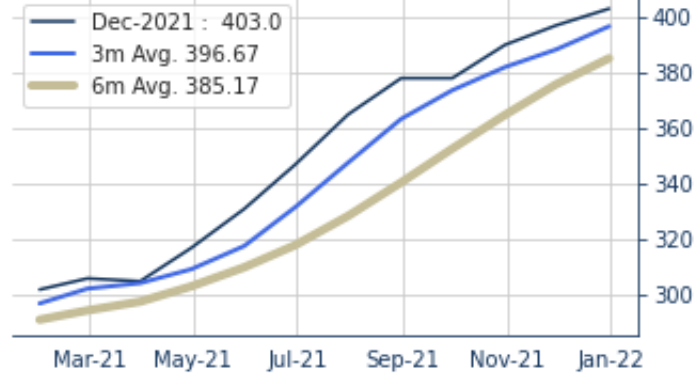
Combined with the increase in sales, the **Months' Supply** dropped to 6.0 months from 6.6 months. This is modestly ABOVE a normal level of 6.0 months.

Home Prices ROSE with median prices 3.4% ABOVE their year-ago level and with average prices 13.8% ABOVE their year-ago level.

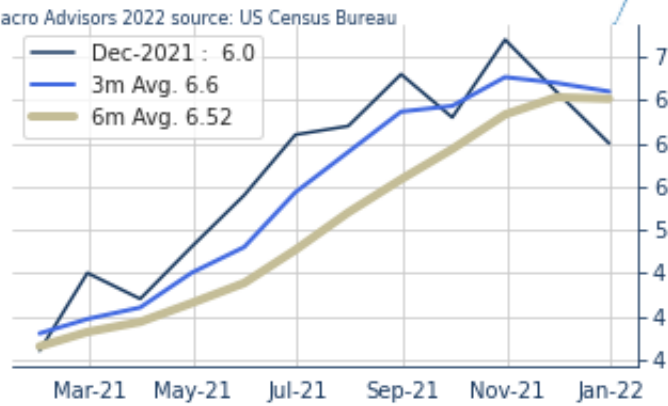
New Home Sales - Inventory



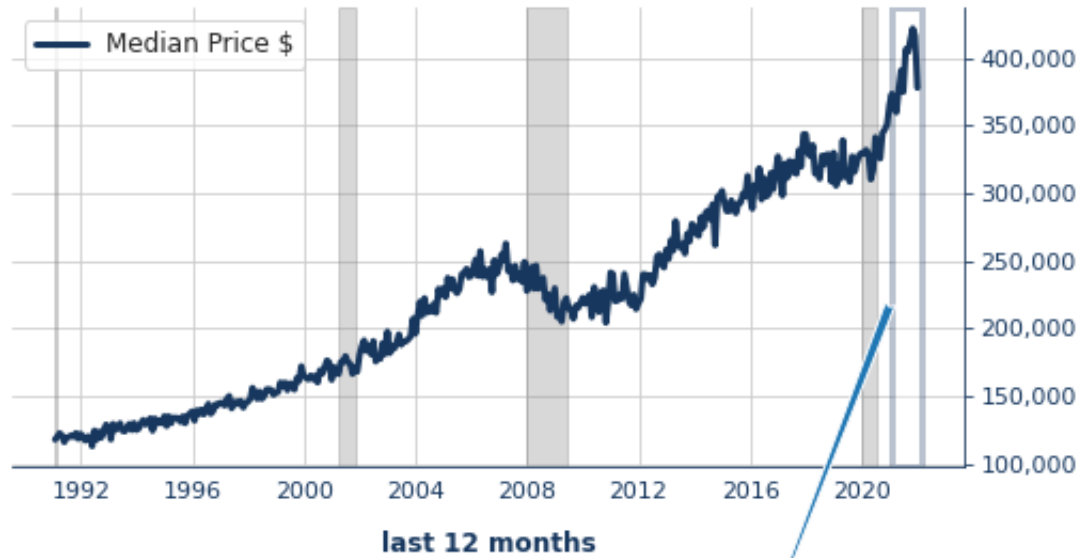
Contingent Macro Advisors 2022 source: US Census Bureau



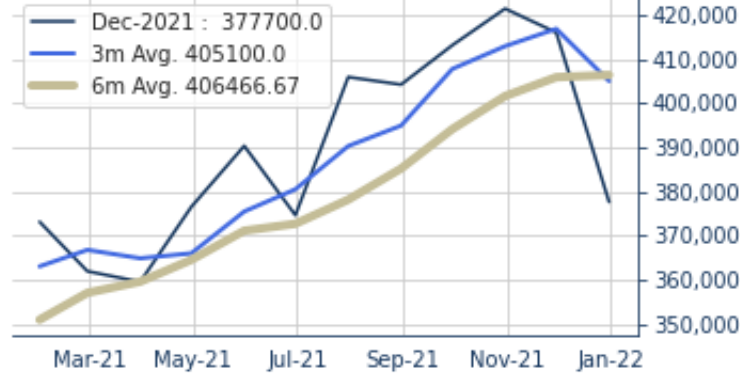
New Home Sales - Months Supply



New Home Sales - Median Price



Contingent Macro Advisors 2022 source: US Census Bureau



	Monthly (thousands of units)				Averages						
	Dec-21	Nov-21	Oct-21	Sep-21	Three Month	Six Month	Twelve Month	2020	2019	Five Year	Ten Year
New Home Sales	811	725	649	725	728	714	765	943	733	692	568
(percent change)	11.9	11.7	-10.5	8.5				28.6	29.5		
Northeast (thousands)	27	32	29	31	29	30	35	41	39	36	31
(percent change)	-15.6	10.3	-6.5	0.0				5.1	44.4		
Midwest (thousands)	86	55	66	66	69	67	85	112	83	78	69
(percent change)	56.4	-16.7	0.0	11.9				34.9	33.9		
South (thousands)	456	397	391	435	415	417	448	553	399	393	320
(percent change)	14.9	1.5	-10.1	6.4				38.6	13.4		
West (thousands)	242	241	163	193	215	200	197	237	212	186	148
(percent change)	0.4	47.9	-15.5	14.2				11.8	69.6		
Inventory (thousands)	403	397	390	378	397	385	352	299	322	303	244
Months' Supply	6.0	6.6	7.2	6.3	6.6	6.5	5.6	3.8	5.3	5.4	5.2
Median Sales Price (\$000)	377.7	416.1	421.5	413.2	405.1	406.5	389.6	323.1	321.6	305.6	269.5
(year-on-year percent change)	3.4	18.6	21.5	20.0	14.3	18.2	16.3	0.5	4.9		
Average Sales Price (\$000)	457.3	479.3	486.6	470.6	474.4	471.0	448.2	379.3	377.8	361.4	321.5
(year-on-year percent change)	13.8	21.0	23.3	16.2	19.4	19.6	16.4	0.4	5.2		

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

Copyright © Contingent Macro Advisors, LLC. All rights reserved. Reproduction and/or redistribution are expressly prohibited. "Economic Advisory Service" is a registered trademark of Contingent Macro Advisors, LLC. Information contained herein is based on sources we believe to be reliable, but its accuracy is not guaranteed.

T.J. Connelly, Head of Research

January 26, 2022

Steven A. Wood, Senior Economic Adviser