

23.Aug.2022

New Home Sales: Plunged Further In July

Bottom Line: New home sales plunged in July as the impact of higher mortgage rates took its toll on sales of new homes, especially lower-priced, more affordable ones. Sales were back to levels not seen since 2016, and the trend was decelerating sharply with inventories building. There was nearly eleven months' worth of sales on the market, well above the six months that is considered normal. Average prices were up nearly 20%, primarily due to the composition of sales. Demand for high-end homes has been notably less impacted by mortgage rates, whereas higher rates have made affordability of lower- and mid-priced housing an issue for potential buyers. Overall, new home sales suggest a sharp slowdown in activity to start the 3rd Quarter -- and this report offered little hope that housing activity throughout the 2nd Half will be anything but a significant headwind for GDP growth.

US New Home Sales July: 511k -74k consensus: +575k



Contingent Macro Advisors 2022 source: US Census Bureau

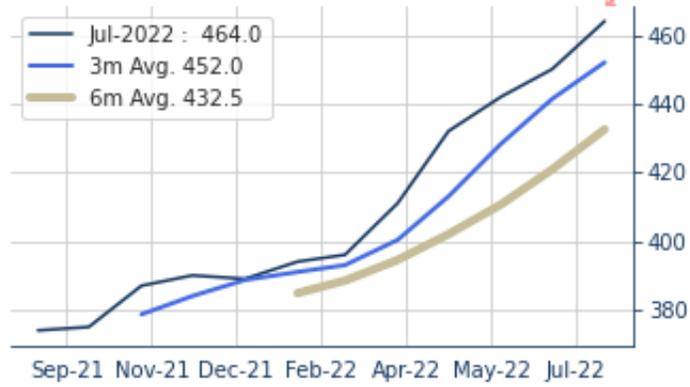
New Home Sales FELL by 12.6% to 511k, after the prior month was revised higher to 642k. This compared with market expectations for a decline to 575k, from the unrevised June level of 590k. Sales are now 29.6% BELOW their year-ago level.

The Inventory of Homes Available for Sale ROSE by 3.1% to 464k. Inventories are now 28.2% ABOVE their year-ago level.

Combined with the decline in sales, the **Months' Supply** increased to 10.9 months from 9.2 months. This is modestly ABOVE a normal level of 6.0 months.

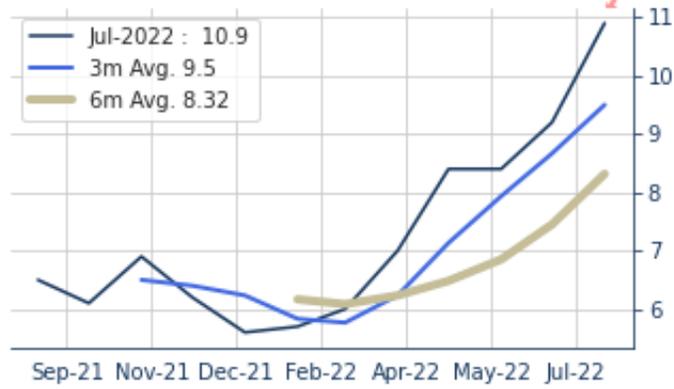
Home Prices ROSE with median prices 8.2% ABOVE their year-ago level and with average prices 18.3% ABOVE their year-ago level.

New Home Sales - Inventory



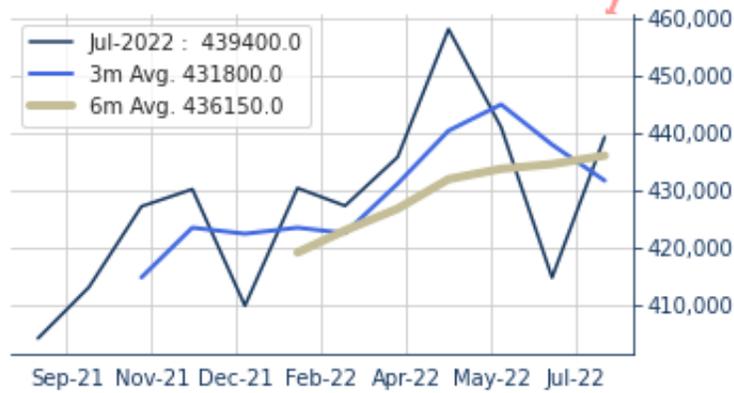
Contingent Macro Advisors 2022 source: US Census Bureau

New Home Sales - Months Supply



Contingent Macro Advisors 2022 source: US Census Bureau

New Home Sales - Median Price



Contingent Macro Advisors 2022 source: US Census Bureau

US New Home Sales	Jul-2022	Jun-2022	May-2022	Apr-2022	3-mo. Avg.	6-mo. Avg.	12-mo. Avg.	2021 Avg.	2020 Avg.	60-mo. Avg.
New Home Sales	511.0	585.0	630.0	619.0	575.3	640.3	696.4	769.4	831.2	710.1
New Home Sales - % Chg.	-12.6	-7.1	1.8	-12.4						
Inventory	464.0	450.0	442.0	432.0	452.0	432.5	408.7	349.4	304.1	333.2
Inventory - % Chg.	3.1	1.8	2.3	5.1						
Months Supply	10.9	9.2	8.4	8.4	9.5	8.3	7.2	5.5	4.6	5.8
Months Supply Chg.	1.7	0.8	0.0	1.4						
Median Price in \$k	439.4	414.9	441.1	458.2	431.8	436.2	427.7	394.0	335.0	352.6
Median Price - % Chg.	5.9	-5.9	-3.7	5.1						
Avg. Price in \$k	546.8	457.3	515.2	562.4	506.4	519.3	502.9	452.8	385.0	411.3

Avg. Price - % Chg.	19.6	-11.2	-8.4	9.9						
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source: Census Bureau