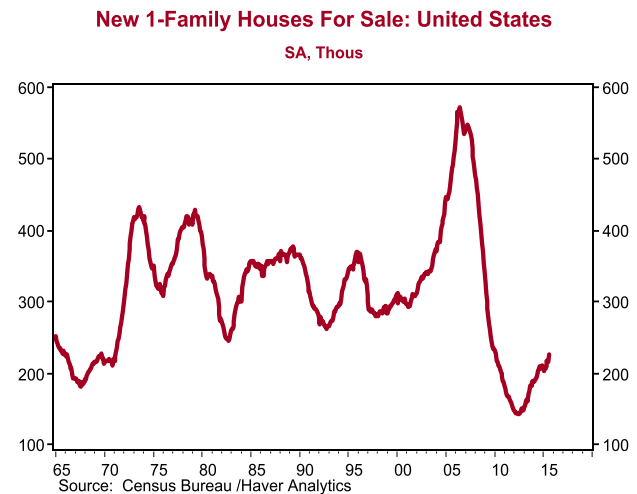
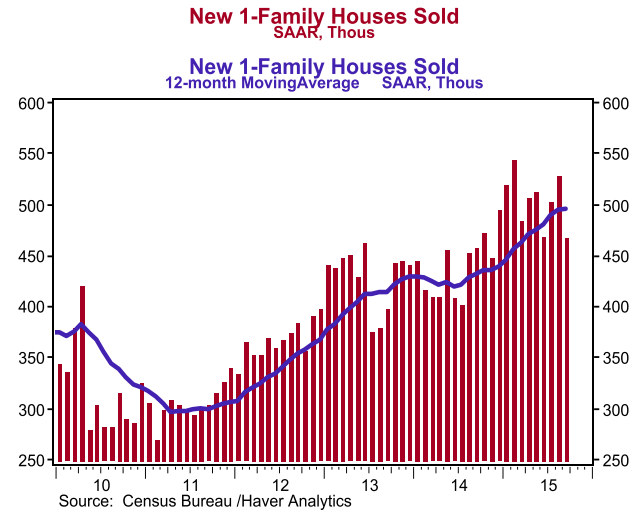


September New Home Sales

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- New single-family home sales declined 11.5% in September to a 468,000 annual rate, coming in well below the consensus expected pace of 549,000. Sales are up 2.0% from a year ago.
- Sales fell in every major region.
- The months' supply of new homes (how long it would take to sell the homes in inventory) rose to 5.8 months in September from 4.9 in August. The rise was due to a slower pace of sales and an increase in inventories of 9,000 units.
- The median price of new homes sold was \$296,900 in September, up 13.5% from a year ago. The average price of new homes sold was \$364,100, up 14.1% versus last year.

Implications: After surging in August, new home sales took a breather in September, as higher prices may be making some buyers uneasy. Sales declined 11.5% in September to a 468,000 annual rate, well below the forecast of every economics group, but are still up 2% in the past year. The important thing to remember when looking at today's report is that monthly data are volatile and what really matters is the trend. Even with September's large drop, new home sales over the past year have averaged the fastest pace going back to 2008. Largely as a result of the drop in sales, the months' supply of homes for sale grew to 5.8 months in September from 4.9 in August. However, the inventory of new homes for sale also rose as well, by 9,000 units. In other words, higher prices are incentivizing homebuilders to construct more homes, just like you'd expect in a free market. This should have two benefits. First, it will address the issue of thin supply, which should help boost sales in the year ahead. Second, larger inventories should help dampen price gains. New home sales are still depressed relative to history. We think there are a few reasons for this. First, a larger share of the population is renting. Second, buyers have shifted slightly from single-family homes, which are counted in the new home sales data, to multi-family homes (think condos in cities), which are not counted in this report. Third, although we are seeing a thaw, financing is still more difficult than it has been in the past. The trend is what matters, though, and the trend in sales has been up and should stay that way in the year ahead.



New Home Sales	Sep-15		Aug-15	Jul-15	3-mo moving avg	6-mo moving avg	Yr to Yr % Change
	% Ch	Level					
<i>All Data Seasonally Adjusted, Levels in Thousands</i>							
New Single Family Homes Sales	-11.5%	468	529	503	500	498	2.0
Northeast	-61.8%	13	34	25	24	23	-56.7
Midwest	-8.3%	55	60	62	59	60	-8.3
South	-8.7%	274	300	287	287	287	8.3
West	-6.7%	126	135	129	130	129	8.6
Median Sales Price (\$, NSA)	2.7%	296,900	289,100	296,400	294,133	291,950	13.5
		Sep-15	Aug-15	Jul-15	3-mo Avg	6-mo Avg	12-mo Avg
Months' Supply at Current Sales Rate (Levels)		5.8	4.9	5.2	5.3	5.2	5.1

Source: Bureau of the Census