

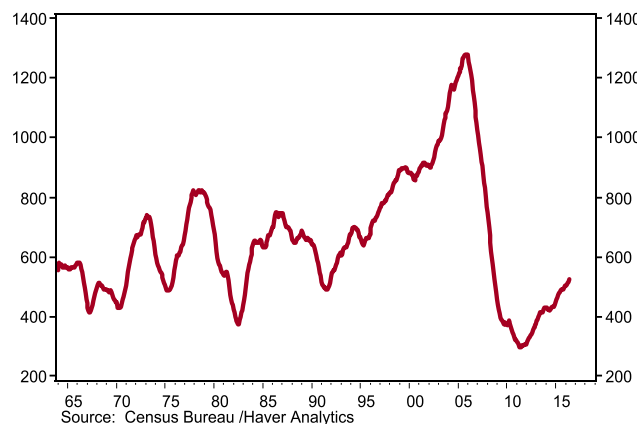
## June New Home Sales

**Brian S. Wesbury** – Chief Economist  
**Robert Stein, CFA** – Dep. Chief Economist  
**Strider Elass** – Economist

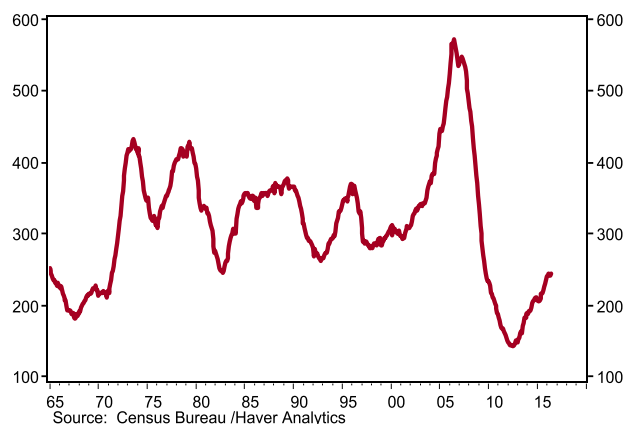
- New single-family home sales increased 3.5% in June to a 592,000 annual rate, easily beating the consensus expected pace of 560,000. Sales are up 25.4% from a year ago.
- Sales rose in the West and Midwest, but fell in the Northeast and South.
- The months' supply of new homes (how long it would take to sell the homes in inventory) fell to 4.9 months in June from 5.1 in May. The drop in the months' supply was due to a faster sales pace. Inventories increased by 3,000 units in June.
- The median price of new homes sold was \$306,700 in June, up 6.1% from a year ago. The average price of new homes sold was \$358,200, up 8.8% versus last year.

**Implications:** The housing recovery made further strides in June, with new home sales easily beating consensus expectations and hitting the fastest pace since 2008. Sales of new homes rose 3.5% for the month and are now up 25.4% versus a year ago. It's important to remember that home sales data are very volatile from month to month, so let's not get too carried away, but we think there are a few reasons to expect housing to remain a positive factor for the economy in the months ahead. First, employment gains continue and wage growth is accelerating. Second, the mortgage market is starting to thaw. Third, the homeownership rate remains depressed as a larger share of the population is renting, leaving plenty of potential buyers as conditions continue to improve. And remember that, unlike single-family homes which are counted in the new home sales data, multi-family homes (think condos in cities) are not counted in this report. So a shift back toward single family units will also serve to push reported sales higher. The inventory of new homes rose 3,000 in June but remains very low by historical standards (see chart to right). Moreover, the recent recovery in inventories has been led by homes where construction is still in progress, or has yet to begin. As a result, homebuilders still have plenty of room to increase both construction and inventories. The median sales price of a new home is 6.1% ahead of last year, which will keep builders interested. In other housing news this morning, the national Case-Shiller price index rose 1.2% in May and is up 5.0% from a year ago. Price gains in the past year have been led by Portland, Seattle, Denver, and Dallas. On the manufacturing front, the Richmond Fed index, a measure of mid-Atlantic manufacturing sentiment jumped to +10 in July from -10 in June, signaling a strong rebound in activity. Looks like the Plow Horse might be getting a spring in its step!

**New 1-Family Houses Sold: United States**  
 12-month Moving Average SAAR, Thous



**New 1-Family Houses For Sale: United States**  
 SA, Thous



New Home Sales	Jun-16		May-16	Apr-16	3-mo moving avg	6-mo moving avg	Yr to Yr % Change
	% Ch	Level					
<i>All Data Seasonally Adjusted, Levels in Thousands</i>							
<b>New Single Family Homes Sales</b>	<b>3.5%</b>	<b>592</b>	572	572	579	554	25.4
<b>Northeast</b>	<b>-5.6%</b>	<b>34</b>	36	40	37	35	30.8
<b>Midwest</b>	<b>10.4%</b>	<b>85</b>	77	62	75	70	44.1
<b>South</b>	<b>-0.3%</b>	<b>321</b>	322	318	320	308	21.1
<b>West</b>	<b>10.9%</b>	<b>152</b>	137	152	147	142	24.6
<b>Median Sales Price (\$, NSA)</b>	<b>6.2%</b>	<b>306,700</b>	288,800	320,000	305,167	304,883	6.1
		<b>Jun-16</b>	<b>May-16</b>	<b>Apr-16</b>	<b>3-mo Avg</b>	<b>6-mo Avg</b>	<b>12-mo Avg</b>
<b>Months' Supply at Current Sales Rate (Levels)</b>		<b>4.9</b>	5.1	5.1	5.0	5.3	5.3

Source: Bureau of the Census