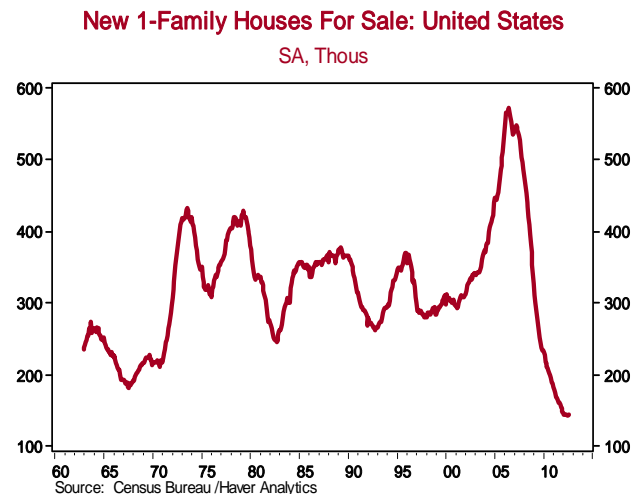
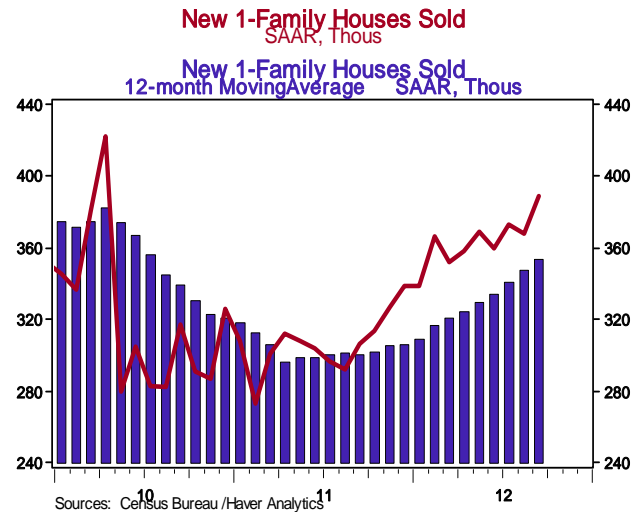


# September New Home Sales

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- New single-family home sales rose 5.7% in September, to a 389,000 annual rate, coming in slightly above the consensus expected pace of 385,000. Sales are up 27.1% from a year ago.
- Sales were up in the Northeast, South and West, but down in the Midwest.
- The months' supply of new homes (how long it would take to sell the homes in inventory) fell to 4.5. The decline was all due to a faster selling pace. Inventories of new homes rose 2,000 units.
- The median price of new homes sold was \$242,400 in September, up 11.7% from a year ago. The average price of new homes sold was \$292,400, up 14.5% versus last year.

**Implications:** The housing market continues to recover. New home sales rose 5.7% in September and are now at the highest levels since April 2010. Sales are up a very robust 27.1% from a year ago. Meanwhile, as the lower chart to the right shows, overall inventories remain close to record lows. The months' supply of new homes has now fallen to 4.5, the lowest since October 2005, well below the average of 5.7 over the past 20 years and not much above the 4.0 months that prevailed in 1998-2004, during the housing boom. The slight increase in new home inventories was all due to a rise in homes still under construction, showing that home builders are starting to ramp up activity. In the meantime, low inventories are helping push up prices. The median price of a new home was up 11.7% from a year ago in September, the second largest yearly increase since September 2005. One of the reasons for the increase in new home prices is that the high-end buyer is getting more active. Homes priced \$400,000+ were 12% of the market in September 2011, but 18% in September 2012. In other recent housing news, the FHFA index, which measures prices for homes financed by conforming mortgages, increased 0.7% in August (seasonally-adjusted), is up 4.8% from a year ago, and is up at an 8.9% annual rate in the past six months. On the factory front, the Richmond Fed index, a survey of mid-Atlantic manufacturers, fell to -7 in October from +4 in September. Manufacturing reports have been mixed and are still consistent with mild plow horse-like growth in that sector and economy as a whole.



New Home Sales	Sep-12		Aug-12	Jul-12	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>	5.7%	389	368	373	377	370	27.1
<b>Northeast</b>	16.7%	35	30	31	32	29	75.0
<b>Midwest</b>	-37.3%	32	51	53	45	47	-31.9
<b>South</b>	16.8%	215	184	184	194	190	24.3
<b>West</b>	3.9%	107	103	105	105	103	62.1
<b>Median Sales Price (\$, NSA)</b>	-3.2%	242,400	250,400	236,700	243,167	239,617	11.7
		<b>Sep-12</b>	<b>Aug-12</b>	<b>Jul-12</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>		4.5	4.7	4.6	4.6	4.7	5.0

Source: Bureau of the Census