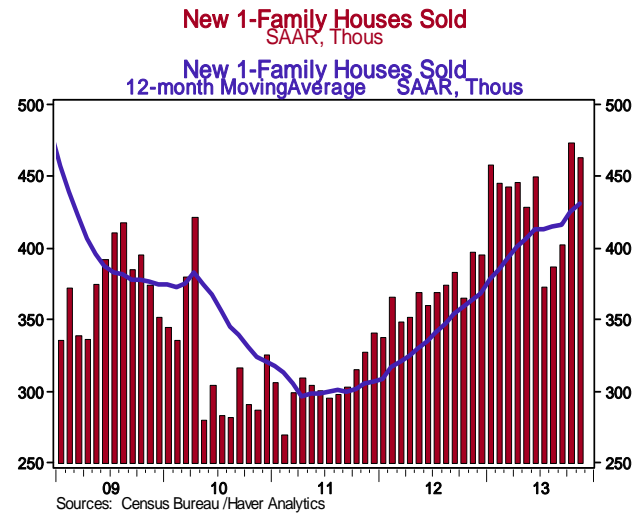


# November New Home Sales

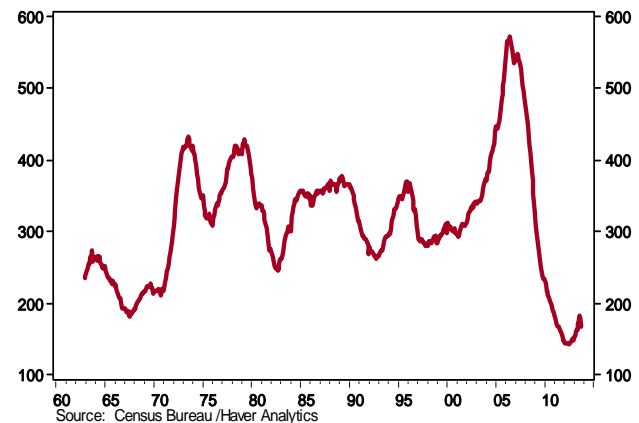
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**Robert Stein, CFA** – Dep. Chief Economist  
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- New single-family home sales declined 2.1% in November to a 464,000 annual rate, still coming in well above the consensus expected pace of 440,000. Sales are up 16.6% from a year ago.
- Sales were down in the Midwest and South, but were up in the West and Northeast.
- The months' supply of new homes (how long it would take to sell the homes in inventory) fell to 4.3 in November from 4.5 in October. The decline in the months' supply was all due to an inventory decline of 12,000 units.
- The median price of new homes sold was \$270,900 in November, up 10.6% from a year ago. The average price of new homes sold was \$340,300 up 17.1% versus last year.

**Implications:** New home sales came in at a 464,000 annual pace in November. Besides last month, which was revised up substantially, this is the highest rate since July 2008. As the chart to the right shows, the new home market is clearly improving. It has by no means been a straight line higher, but, the 12-month moving average for new home sales is at its highest level since February 2009. Although the inventory of new homes declined 12,000 units in November, they are still up 12.1% from a year ago. The months' supply of new homes – how long it would take to sell all the new homes in inventory – declined to 4.3 in November, well below the average of 5.7 over the past twenty years. As a result, as the pace of sales continues to recover in the years ahead, home builders still have plenty of room to increase inventories. Another way to think about it is that the construction of new homes can outpace a rising pace of sales. On the price front, the median sales price of a new home was up 10.6% from a year ago, while average prices are up 17.1%. Prices will continue to rise in the year ahead, but not quite as fast as stronger construction makes more supply available. A slowdown in the pace of home price increases is already apparent in other data out this morning. The FHFA index, which measures prices for homes financed with conforming mortgages, increased 0.5% in October. Although it's up 8.2% from a year ago, it's up at slower 4.3% annual rate in the past three months. Meanwhile, the Richmond Fed index remained at a healthy +13 in December. Plugging this into our models for the national ISM Manufacturing index, suggests an increase to 58.0 in December from 57.3 in November. By contrast, most analysts expect the national ISM to decline.



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



New Home Sales <i>All Data Seasonally Adjusted, Levels in Thousands</i>	Nov-13		Oct-13	Sep-13	3-mo	6-mo	Yr to Yr
	% Ch	Level			moving avg	moving avg	% Change
<b>New Single Family Homes Sales</b>	-2.1%	464	474	403	447	425	16.6
<b>Northeast</b>	15.2%	38	33	26	32	32	15.2
<b>Midwest</b>	-26.6%	47	64	57	56	56	6.8
<b>South</b>	-9.1%	261	287	229	259	239	17.6
<b>West</b>	31.1%	118	90	91	100	99	19.2
<b>Median Sales Price (\$, NSA)</b>	4.5%	270,900	259,200	266,100	265,400	262,250	10.6
		Nov-13	Oct-13	Sep-13	3-mo Avg	6-mo Avg	12-mo Avg
<b>Months' Supply at Current Sales Rate (Levels)</b>		4.3	4.5	5.4	4.7	4.9	4.6

Source: Bureau of the Census