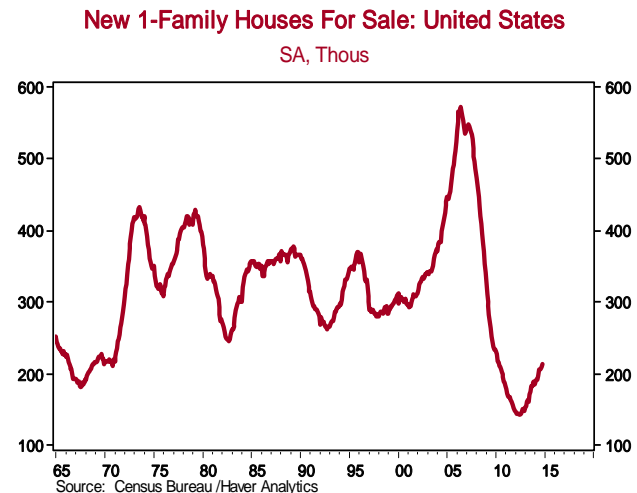
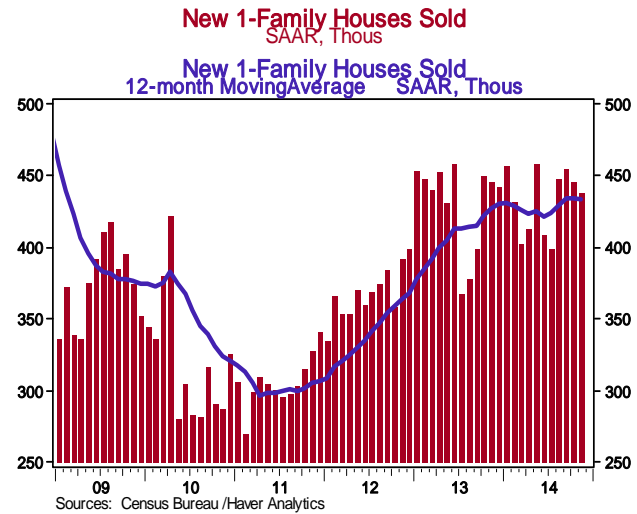


November New Home Sales

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- New single-family home sales declined 1.6% in November to a 438,000 annual rate, coming in below the consensus expected pace of 460,000. Sales are down 1.6% from a year ago.
- Sales declined in the Northeast, South, and Midwest, but increased in the West.
- The months' supply of new homes (how long it would take to sell the homes in inventory) rose to 5.8 months in November from 5.7 months in October. The increase in the months' supply was due to a slower sales pace along with an increase in inventories.
- The median price of new homes sold was \$280,900 in November, up 1.4% from a year ago. The average price of new homes sold was \$321,800, down 4.1% versus last year.

Implications: It makes sense...the housing market, with all its government "help" seems to be the weakest sector of all. New single-family home sales fell 1.6% in November. This comes on the heels of yesterday's report, which showed a similar decline in existing home sales. New home sales remain at depressed levels relative to where they should be by now in the recovery and we believe there are a few key reasons for this. First, the homeownership rate remains depressed as 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 may be starting to see a thaw, financing is still more difficult than it has been in the past. The inventory of new homes rose 3,000 in November, but still remains very low as the chart to the right shows. As a result, homebuilders still have plenty of room to increase both construction and inventories. The median sales price for a new home fell 3.2% in November but remains up 1.4% from a year ago. The decline in November was due to the "mix" of home sales in that particular month. Sales of homes over \$750,000 made up 2% of sales in November, compared to 8% last month while homes priced under \$200,000 accounted for 27% of sales in November, up from 22% in October. In other news this morning, the FHFA index, which focuses on homes financed with conforming mortgages, rose 0.6% in October and is up 4.5% versus a year ago. In the year that ended in October 2013, the FHFA was up 8.1%. In other words, price gains have continued in the past year but at a slower pace. We expect some further deceleration in the year ahead, as faster home building makes more supply available. In other news this morning, the Richmond Fed index, a measure of mid-Atlantic manufacturing sentiment, rose to +7 in December from +4 in November, signaling that factory activity continues to expand, and at a slightly faster pace.



New Home Sales	Nov-14		Oct-14	Sep-14	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	-1.6%	438	445	455	446	432	-1.6
Northeast	-12.0%	22	25	31	26	26	-33.3
Midwest	-6.3%	59	63	58	60	57	3.5
South	-6.4%	233	249	252	245	239	-4.1
West	14.8%	124	108	114	115	111	10.7
Median Sales Price (\$, NSA)	-3.2%	280,900	290,100	263,500	278,167	282,267	1.4
		Nov-14	Oct-14	Sep-14	3-mo Avg	6-mo Avg	12-mo Avg
Months' Supply at Current Sales Rate (Levels)		5.8	5.7	5.5	5.7	5.8	5.5

Source: Bureau of the Census