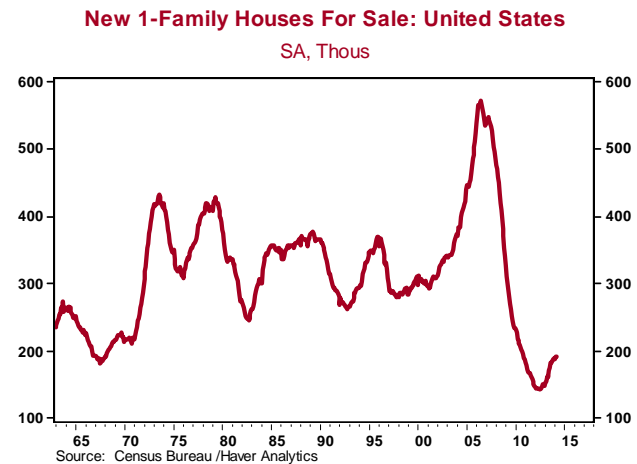
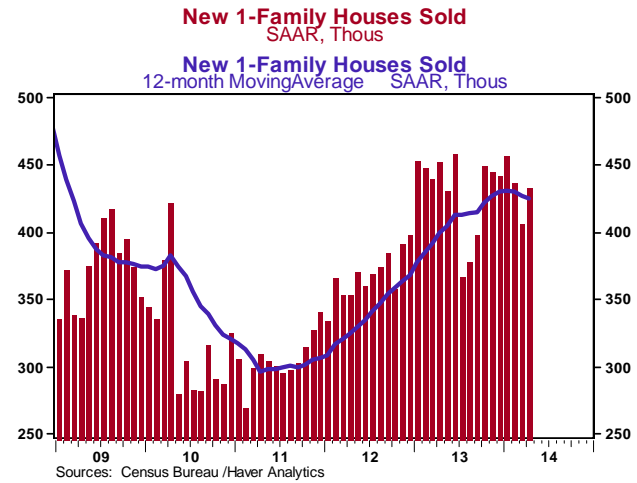


April New Home Sales

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- New single-family home sales rose 6.4% in April to a 433,000 annual rate, coming in above the consensus expected pace of 425,000. Sales are down 4.2% from a year ago.
- Sales increased in the Midwest and South, were unchanged in the West, and fell in the Northeast.
- The months' supply of new homes (how long it would take to sell the homes in inventory) fell to 5.3 in April from 5.6 in March. The decline in the months' supply was all due to a faster sales pace. Inventories increased by 1,000 units.
- The median price of new homes sold was \$275,800 in April, down 1.3% from a year ago. The average price of new homes sold was \$320,100, down 5.0% versus last year.

Implications: A better report out today for housing. New single-family home sales rose 6.4% in April to a 433,000 annual rate, beating consensus expectations. Still, at this point in the housing recovery we expected this number to be higher – but, a few factors are still weighing on sales. First, the homeownership rate remains depressed as a larger share of the population is deciding to rent rather than own. 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 the report. Third, financing is still more difficult than it has been in the past. Higher interest rates may be a short-term issue until buyers get acclimated, but this process should not take long as rates remain low by historical standards. The months' supply of new homes – how long it would take to sell all the new homes in inventory – declined to 5.3 in April, below the average of 5.7 over the past twenty years. The inventory of new homes remains very low and as the pace of sales continues to recover in the years ahead, homebuilders still have plenty of room to increase both construction and inventories. Another way to think about it is that the construction of new homes can outpace a rising pace of sales. With total cash earnings for workers up 4% versus a year ago, consumers' have the ability to pay for new housing and sales of new homes should trend higher over the coming years.



New Home Sales	Apr-14		Mar-14	Feb-14	3-mo moving avg	6-mo moving avg	Yr to Yr % Change
	% Ch	Level					
All Data Seasonally Adjusted, Levels in Thousands							
New Single Family Homes Sales	6.4%	433	407	437	426	437	-4.2
Northeast	-26.7%	22	30	24	25	27	-31.3
Midwest	47.4%	84	57	57	66	61	35.5
South	3.1%	235	228	261	241	246	-9.6
West	0.0%	92	92	95	93	103	-6.1
Median Sales Price (\$, NSA)	-2.1%	275,800	281,700	264,500	274,000	274,067	-1.3
		Apr-14	Mar-14	Feb-14	3-mo Avg	6-mo Avg	12-mo Avg
Months' Supply at Current Sales Rate (Levels)		5.3	5.6	5.1	5.3	5.2	5.1

Source: Bureau of the Census