

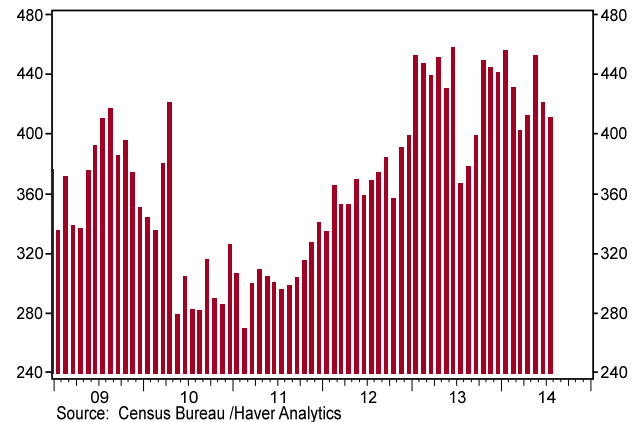
# July New Home Sales

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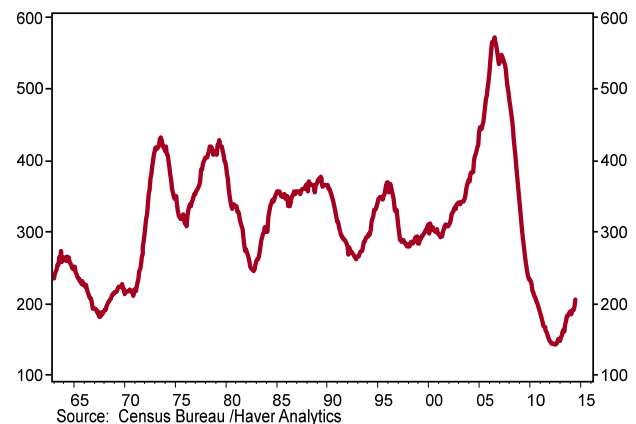
- New single-family home sales declined 2.4% in July to a 412,000 annual rate, coming in below the consensus expected pace of 430,000. Sales are up 12.3% from a year ago.
- Sales declined in the Northeast, West and Midwest but increased in the South.
- The months' supply of new homes (how long it would take to sell the homes in inventory) rose to 6.0 in July from 5.6 in June. 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 \$269,800 in July, up 2.9% from a year ago. The average price of new homes sold was \$339,100, up 2.8% versus last year.

**Implications:** Another housing number, another Plow Horse report. New single-family home sales declined 2.4% in July, but this comes on the back of an upwardly revised June number. The recent slowdown in new home sales does not mean we are back in a housing recession; home construction remains in an upward trend and new homes sales are still up 12.3% from a year ago. Nonetheless, new home sales still remain at depressed levels 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 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. The inventory of new homes rose 8,000 in July, but still remains very low as the chart to the right shows, and most of the inventory gains are for homes not started, instead of homes completed. Homebuilders still have plenty of room to increase both construction and inventories. On the pricing front, the median sales price for a new home fell 3.7% in July to \$269,800, but this number is not seasonally-adjusted. Prices are still up 2.9% versus a year ago and we still expect a similar gain in the year ahead. Once again, the housing recovery remains intact, despite the fits and starts which are to be expected when the overall economy is a Plow Horse, not a Race Horse.

**New 1-Family Houses Sold: United States**  
 SAAR, Thous



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



New Home Sales <i>All Data Seasonally Adjusted, Levels in Thousands</i>	Jul-14		Jun-14	May-14	3-mo moving avg	6-mo moving avg	Yr to Yr % Change
	% Ch	Level					
<b>New Single Family Homes Sales</b>	-2.4%	412	422	454	429	423	12.3
<b>Northeast</b>	-30.8%	18	26	36	27	25	-43.8
<b>Midwest</b>	-8.8%	52	57	73	61	60	-1.9
<b>South</b>	8.1%	253	234	236	241	242	33.2
<b>West</b>	-15.2%	89	105	109	101	97	-3.3
<b>Median Sales Price (\$, NSA)</b>	-3.7%	269,800	280,100	286,600	278,833	276,950	2.9
		Jul-14	Jun-14	May-14	3-mo Avg	6-mo Avg	12-mo Avg
<b>Months' Supply at Current Sales Rate (Levels)</b>		6.0	5.6	5.1	5.6	5.5	5.3

Source: Bureau of the Census