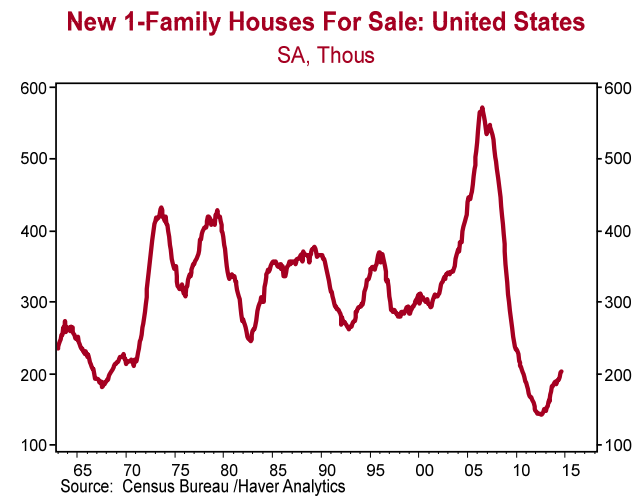
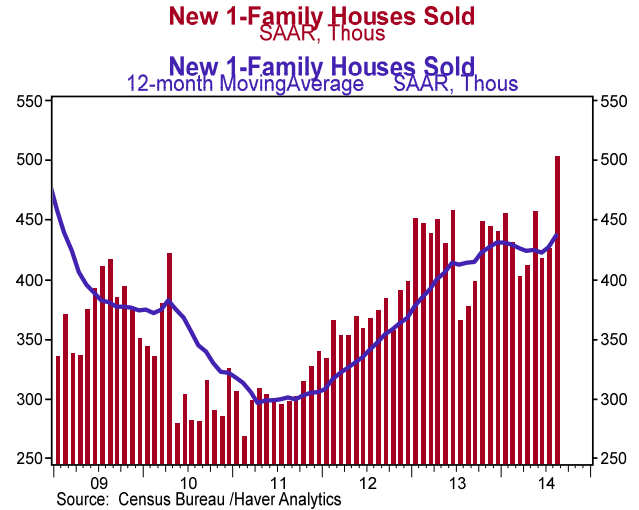


# August New Home Sales

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- New single-family home sales boomed 18.0% in August to a 504,000 annual rate, coming in well above the consensus expected pace of 430,000. Sales are up 33.0% from a year ago.
- Sales rose in the Northeast, West and South but were unchanged in the Midwest.
- The months' supply of new homes (how long it would take to sell the homes in inventory) declined to 4.8 in August from 5.6 in July. The decline in the months' supply was due to a much faster sales pace. Inventories increased by 2,000 units.
- The median price of new homes sold was \$275,600 in August, up 8.0% from a year ago. The average price of new homes sold was \$347,900, up 11.9% versus last year.

**Implications:** Looks like we may be seeing a thaw in mortgage lending. New single-family home sales surged 18% in August, coming in 33% higher than a year ago and at the highest level in more than six years. This comes on the heels of Monday's report, which showed a big gain in existing home sales that included financing (as opposed to all-cash deals). Nonetheless, new home sales still 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 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, although we may be seeing a thaw, financing is still more difficult than it has been in the past. The inventory of new homes rose 2,000 in August, 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. As a result, homebuilders still have plenty of room to increase both construction and inventories. On the pricing front, the median sales price for a new home is up 8% versus a year ago. In other recent news on home prices, the FHFA index, which measures prices for homes financed with conforming mortgages, increased 0.1% in July, and is up 4.4% from a year ago. We expect price gains to continue in the year ahead, but at a slower pace than the past year.



New Home Sales	Aug-14		Jul-14	Jun-14	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>	18.0%	504	427	419	450	437	33.0
<b>Northeast</b>	29.2%	31	24	26	27	27	-3.1
<b>Midwest</b>	0.0%	58	58	54	57	61	0.0
<b>South</b>	7.8%	262	243	236	247	241	27.2
<b>West</b>	50.0%	153	102	103	119	108	84.3
<b>Median Sales Price (\$, NSA)</b>	-1.6%	275,600	280,100	283,100	279,600	280,200	8.0
		<b>Aug-14</b>	<b>Jul-14</b>	<b>Jun-14</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>		4.8	5.6	5.6	5.3	5.4	5.2

Source: Bureau of the Census