

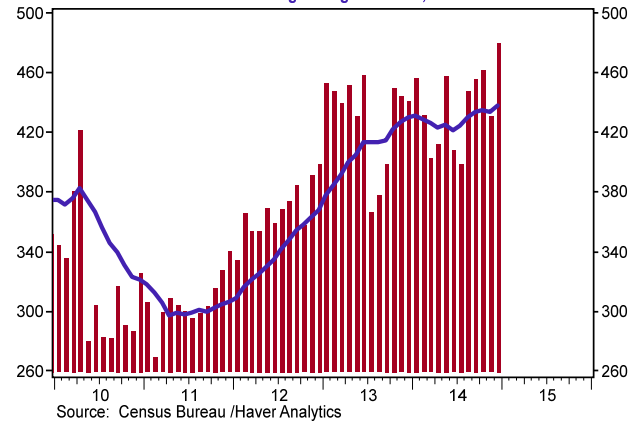
December New Home Sales

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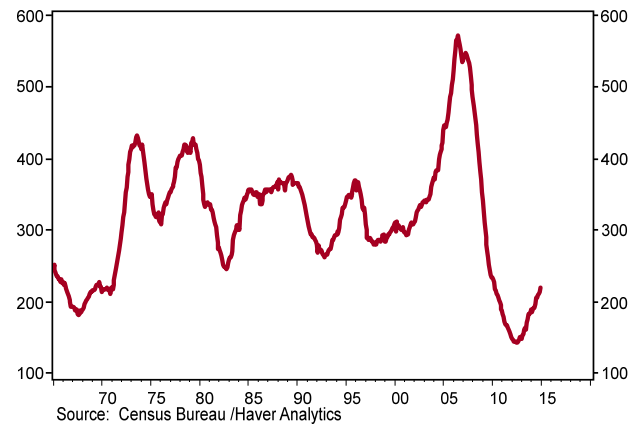
- New single-family home sales boomed 11.6% in December to a 481,000 annual rate, coming in above the consensus expected pace of 450,000. Sales are up 8.8% from a year ago.
- Sales rose in the Northeast, South, and West, but declined in the Midwest.
- The months' supply of new homes (how long it would take to sell the homes in inventory) fell to 5.5 months in December from 6.0 months in November. The decline in the months' supply was due to a faster sales pace. Inventories rose by 5,000 units.
- The median price of new homes sold was \$298,100 in December, up 8.2% from a year ago. The average price of new homes sold was \$377,800, up 17.6% versus last year.

Implications: Sales of new homes ended 2014 on a high note soaring 11.6% in December and coming in at the highest level since June 2008. Sales are up 8.8% from a year ago and look to be picking up some steam. It's about time! New home sales had been depressed for a few reasons. First, the homeownership rate is low 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. But that is starting to change. Recently, single-family housing starts have started growing faster than multi-family starts, which is an early sign of a larger appetite for homeownership and single-family purchases. Builders have already started to react and have much further to go. The inventory of new homes rose 5,000 in December, 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 in December increased 2.2% and is up 8.2% from a year ago. The increase in December was due to the "mix" of home sales in that particular month. Sales of homes over \$750,000 made up 8% of sales in December, compared to 4% in November, while homes priced under \$200,000 accounted for 18% of sales in December, down from 25% in November. In other news this morning, the Case-Shiller home price index increased 0.8% in November (seasonally-adjusted) and was up 4.7% from a year ago. Although still a solid gain, it's much smaller than the 10.7% increase in the 12 months ending in November 2013. Expect more of the same in the year ahead, with price gains continuing, but at a slightly slower pace. In the past year, price gains have been led by San Francisco, Miami, Las Vegas, Dallas, and Denver. The smallest gain, of only 0.6%, was in Cleveland (sorry, Lebron).

New 1-Family Houses Sold
 SAAR, Thous
New 1-Family Houses Sold
 12-month Moving Average SAAR, Thous



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



New Home Sales	Dec-14		Nov-14	Oct-14	3-mo	6-mo	Yr to Yr
	% Ch	Level			moving avg	moving avg	% Change
<i>All Data Seasonally Adjusted, Levels in Thousands</i>							
New Single Family Homes Sales	11.6%	481	431	462	458	446	8.8
Northeast	53.6%	43	28	27	33	30	72.0
Midwest	-11.5%	54	61	65	60	58	-10.0
South	17.7%	253	215	254	241	240	0.8
West	3.1%	131	127	116	125	118	23.6
Median Sales Price (\$, NSA)	2.2%	298,100	291,600	296,700	295,467	286,667	8.2
		Dec-14	Nov-14	Oct-14	3-mo Avg	6-mo Avg	12-mo Avg
Months' Supply at Current Sales Rate (Levels)		5.5	6.0	5.5	5.7	5.7	5.5

Source: Bureau of the Census