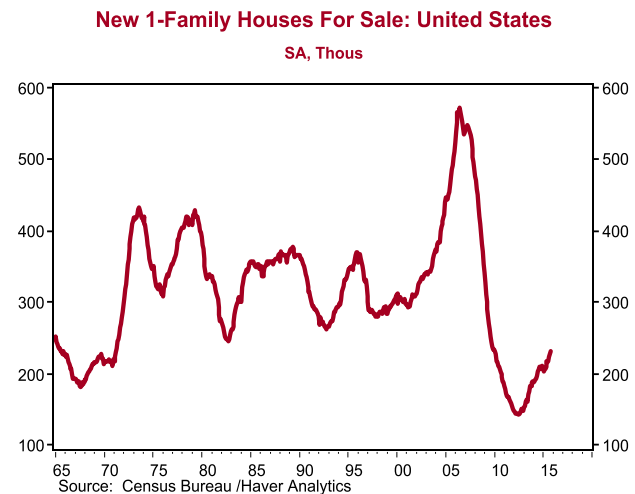
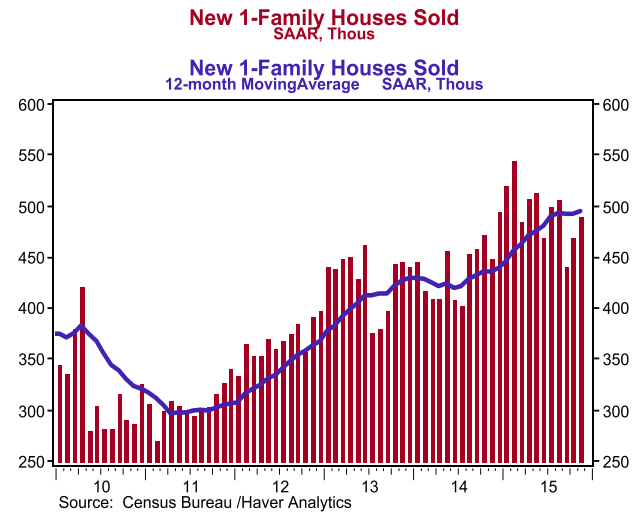


November New Home Sales

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- New single-family home sales increased 4.3% in November to a 490,000 annual rate, but came in below the consensus expected pace of 505,000. Sales are up 9.1% from a year ago.
- Sales rose in the West and South, but fell in the Northeast and Midwest.
- The months' supply of new homes (how long it would take to sell the homes in inventory) fell to 5.7 months in November from 5.8 in October. The decline was entirely due to a faster pace of sales. Inventories rose by 5,000 units.
- The median price of new homes sold was \$305,000 in November, up 0.8% from a year ago. The average price of new homes sold was \$374,900, up 4.5% versus last year.

Implications: New home sales continued to show healthy growth in November. Sales increased 4.3% to a 490,000 annual rate and are up 9.1% in the past year. Unlike existing home sales, which are counted at closing, new home sales are counted when a contract is signed, so weren't affected by new lending rules that have slowed the process of finalizing a mortgage loan and closing on a home. Although the inventory of unsold new homes increased 5,000 in November, that's nothing at all to be concerned about. Sales increased faster than inventories, so the months' supply of new homes – how long it would take to sell all the homes in inventory at the current sales pace – fell to 5.7 months, right in-line with the 5.6 months average over the past 20 years. Meanwhile, all the increase in inventories over the past year is due to homes that have yet to be started or that are still under construction. The inventory of vacant fully completed new homes is actually down from a year ago. It's important to remember that, even with November's rise in sales, the current pace of 490,000 new homes sold is still low relative to history. Given population growth rates, sales should roughly double to about 900,000 over the next few years. We think a few reasons have contributed to the slow rebound in the pace of sales. First, 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 are seeing a thaw, financing is still more difficult than it has been in the past. The trend is what matters, though, and the trend in sales has been up and should stay that way in the year ahead.



| New Home Sales | Nov-15 | | Oct-15 | Sep-15 | 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 | 4.3% | 490 | 470 | 442 | 467 | 480 | 9.1 |
| Northeast | -28.6% | 25 | 35 | 19 | 26 | 27 | -13.8 |
| Midwest | -8.6% | 53 | 58 | 57 | 56 | 58 | -10.2 |
| South | 4.5% | 277 | 265 | 258 | 267 | 274 | 19.4 |
| West | 20.5% | 135 | 112 | 108 | 118 | 120 | 4.7 |
| Median Sales Price (\$, NSA) | 6.3% | 305,000 | 286,900 | 310,400 | 300,767 | 297,950 | 0.8 |
| | | Nov-15 | Oct-15 | Sep-15 | 3-mo Avg | 6-mo Avg | 12-mo Avg |
| Months' Supply at Current Sales Rate (Levels) | | 5.7 | 5.8 | 6.1 | 5.9 | 5.6 | 5.2 |

Source: Bureau of the Census