

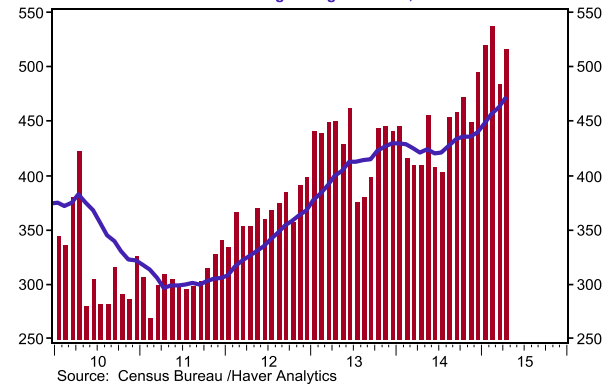
# April New Home Sales

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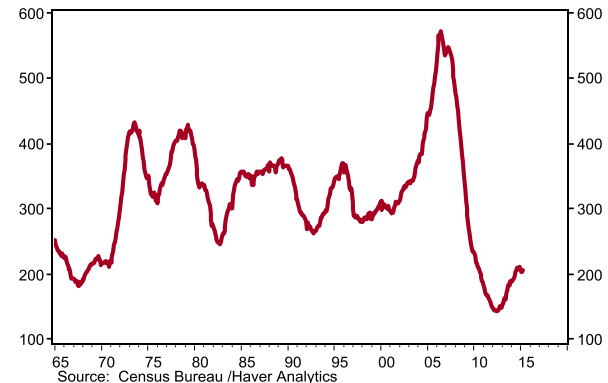
- New single-family home sales increased 6.8% in April to a 517,000 annual rate, coming in above the consensus expected pace of 508,000. Sales are up 26.1% from a year ago.
- Sales rose in the Midwest and South, but declined in the Northeast and West.
- The months' supply of new homes (how long it would take to sell the homes in inventory) declined to 4.8 months in April from 5.1 in March. The decline was due to the faster pace of sales. Inventories rose by 1,000 units.
- The median price of new homes sold was \$297,300 in April, up 8.3% from a year ago. The average price of new homes sold was \$341,500, up 5% versus last year.

**Implications:** If you still needed any evidence that the economic slowdown in the first quarter was temporary and the economy is already rebounding, just look at today's report on new home sales. Sales of new homes rose 6.8% in April, coming in stronger than the consensus expected, and are up 26.1% from a year ago. This is why we still believe the Fed will take a closer look at raising rates in June than the vast majority of investors now expect. One possible reason for the gain in new home sales in April may be all the talk about the Federal Reserve raising rates later this year, which may be getting some buyers into the market sooner, thinking they can avoid paying higher mortgage rates in the future. Perhaps the best news in today's report was the decline in the months' supply to 4.8. As a result, homebuilders still have plenty of room to increase both construction and inventories. The median sales price of a new home in April rose 4.1% to \$297,300, an increase of 8.3% over the past year, a further sign of short supply. But sales still remain depressed relative to history. We think there are a few reasons for this. 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 may be starting to see a thaw, financing is still more difficult than it has been in the past. Each of these is beginning to change. Recently, single-family housing starts have showed some signs of picking up relative to multi-family starts, suggesting builders (the quintessential entrepreneur) see a larger appetite for homeownership and single-family home purchases. In other housing news this morning, price gains continue, but at a slower pace. The national Case-Shiller index increased 1% in March and is up 4.1% in the past year compared to a 9% price gain in the year ending in March 2014. Price increases in the past twelve months have been led by San Francisco, Denver, Dallas, Miami, and Tampa. The FHFA index, which focuses on homes financed with conforming mortgages, rose 0.3% in March and is up 5.2% from a year ago. In the year ending in March 2014, the index was up 6.3%. We expect further gains in home prices in 2015, although at a slower pace than previous years.

**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	Apr-15		Mar-15	Feb-15	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>	<b>6.8%</b>	<b>517</b>	484	538	513	501	26.1
<b>Northeast</b>	<b>-5.6%</b>	<b>17</b>	18	27	21	23	-19.0
<b>Midwest</b>	<b>36.8%</b>	<b>78</b>	57	57	64	62	20.0
<b>South</b>	<b>5.8%</b>	<b>292</b>	276	313	294	280	26.4
<b>West</b>	<b>-2.3%</b>	<b>130</b>	133	141	135	136	39.8
<b>Median Sales Price (\$, NSA)</b>	<b>4.1%</b>	<b>297,300</b>	285,500	291,900	291,567	295,233	8.3
		<b>Apr-15</b>	<b>Mar-15</b>	<b>Feb-15</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>		<b>4.8</b>	5.1	4.6	4.8	5.0	5.3

Source: Bureau of the Census

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