

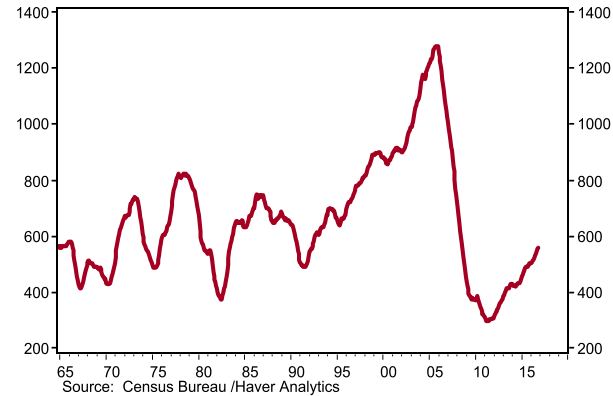
# November New Home Sales

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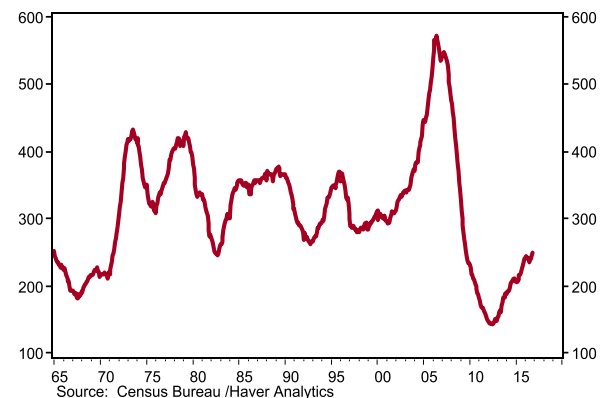
- New single-family home sales increased 5.2% in November to a 592,000 annual rate, beating the consensus expected pace of 575,000. Sales are up 16.5% from a year ago.
- Sales rose in the Midwest and West, remained unchanged in the Northeast, and fell in the South.
- The months' supply of new homes (how long it would take to sell the homes in inventory) fell to 5.1 months in November from 5.2 in October. The drop in the months' supply was due entirely to a faster sales pace. Inventories rose 4,000 units in November.
- The median price of new homes sold was \$305,400 in November, down 3.7% from a year ago. The average price of new homes sold was \$359,900, down 4.5% versus last year.

**Implications:** After taking a breather in October, new home sales surprised to the upside in November. Sales jumped 5.2% and are now up 16.5% versus a year ago. The bright spot in today's report was that the inventory of unsold homes continued to rise in November, up 4,000 units, though this gain was due entirely to an increase in the number of homes that have yet to begin construction. Ironically, November had the most homes for sale of any month since September 2009, in the midst of the crisis. But, inventories still remain very low by historical standards (see chart to right), and builders are not keeping up with the demand for new homes. With only 5.1 months of supply, there is plenty of room to increase both construction and inventories. Going forward, we expect housing to remain a positive factor for the economy. First, employment gains continue and wage growth is accelerating. Second, the mortgage market is starting to thaw. Third, the homeownership rate remains depressed as a larger share of the population is renting, leaving plenty of potential buyers as conditions continue to improve. Unlike single-family homes which are counted in the new home sales data, multi-family homes (think condos in cities) are not counted. So a shift back toward single family units will also serve to push reported sales higher. Look for continued gains in home sales in the year ahead as these factors combine to drive expansion, and any headwind created by an increase in mortgage rates is offset by expectations of faster future economic growth.

**New 1-Family Houses Sold: United States**  
 12-month Moving Average SAAR, Thous



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



| New Home Sales   | Nov-16 |         | Oct-16  | Sep-16  | 3-mo       | 6-mo       | Yr to Yr  |
|--|--------|---------|---------|---------|------------|------------|-----------|
|  | % Ch   | Level   |         |         |            |            |           |
| <i>All Data Seasonally Adjusted, Levels in Thousands</i> |        |         |         |         | moving avg | moving avg | % Change  |
| <b>New Single Family Homes Sales</b>                     | 5.2%   | 592     | 563     | 571     | 575        | 578        | 16.5      |
| <i>Northeast</i>   | 0.0%   | 33      | 33      | 32      | 33         | 31         | 22.2      |
| <i>Midwest</i>   | 43.8%  | 92      | 64      | 72      | 76         | 75         | 39.4      |
| <i>South</i>   | -3.1%  | 313     | 323     | 330     | 322        | 330        | 13.4      |
| <i>West</i>  | 7.7%   | 154     | 143     | 137     | 145        | 142        | 10.8      |
| <b>Median Sales Price (\$, NSA)</b>                      | 0.9%   | 305,400 | 302,700 | 319,800 | 309,300    | 307,817    | -3.7      |
|  |        | Nov-16  | Oct-16  | Sep-16  | 3-mo Avg   | 6-mo Avg   | 12-mo Avg |
| <b>Months' Supply at Current Sales Rate (Levels)</b>     |        | 5.1     | 5.2     | 5.0     | 5.1        | 5.1        | 5.2       |

Source: Bureau of the Census