

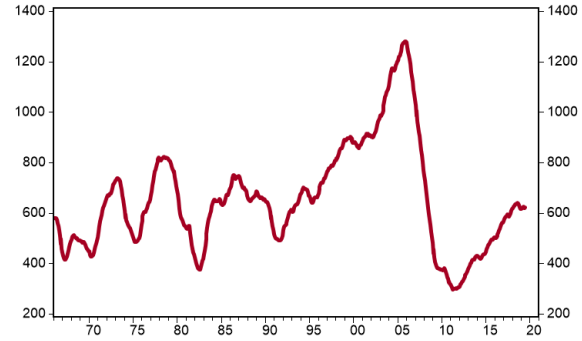
## June New Home Sales

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- New single-family home sales increased 7.0% in June to a 646,000 annual rate, lagging the consensus expected 658,000. Sales are up 4.5% from a year ago.
- Sales rose in the West and South, but fell in the Midwest and Northeast.
- The months' supply of new homes (how long it would take to sell all the homes in inventory) fell to 6.3 months in June from 6.7 months in May. The decline was due entirely to the faster pace of sales. Inventories rose by 2,000 units in June.
- The median price of new homes sold was \$310,400 in June, unchanged from a year ago. The average price of new homes sold was \$368,600, down 0.4% versus last year.

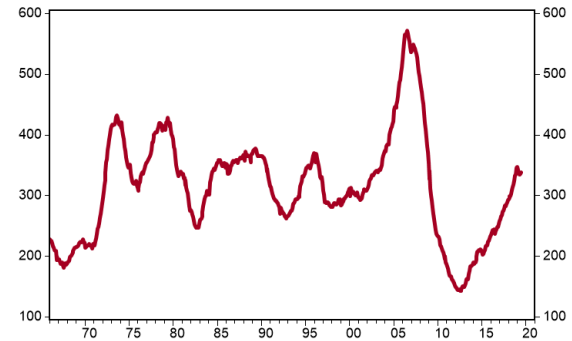
**Implications:** Although lagging consensus expectations, new home sales posted a healthy rebound in June, are up 4.5% from a year ago, and are higher than what should be expected based on the pace of home construction. That last point is very important because it suggests the pace of home building should increase in the year ahead. So far this year – January through June – new home sales are up 2.4% versus the same months in 2018. New home sales normally run around 70% of single-family housing starts but have exceeded that percentage for each of the past five months, signaling plenty of appetite in the US for new homes. This is part of the reason we think the US is nowhere close to recession. In fact, this should be a tailwind for GDP growth in the year ahead, as opposed to the drag on growth residential construction has been for the past five quarters (through the first quarter of 2019). It's important to remember though that used goods don't count towards GDP, so be wary of pessimistic analysts focusing on existing home sales being down 2.2% in the past year as a signal that the recovery has run its course. Affordability has been playing a big role in the recent rebound in sales, with mortgage rates having fallen roughly 100 basis points after peaking in November. On top of this, new home prices have moderated, with June showing no change versus a year ago and four of the six months so far in 2019 posting declines on a year-over-year basis. Meanwhile, the fundamentals signal growth in home sales over the medium to long term. Relative to population, the number of new home sales remains well below where it should be. That means much more home construction will be needed; it's simple math. Bottom line, we expect sales and construction in 2019 to outpace 2018 and continue the upward trend.

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



Source: Census Bureau/Haver Analytics

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



Source: Census Bureau/Haver Analytics

New Home Sales	Jun-19		May-19	Apr-19	3-mo	6-mo	Yr to Yr
	% Ch	Level			moving avg	moving avg	% Change
<i>All Data Seasonally Adjusted, Levels in Thousands</i>							
<b>New Single Family Homes Sales</b>	<b>7.0%</b>	<b>646</b>	604	658	636	652	4.5
<b>Northeast</b>	<b>-4.2%</b>	<b>23</b>	24	32	26	28	-50.0
<b>Midwest</b>	<b>-26.3%</b>	<b>56</b>	76	70	67	72	-17.6
<b>South</b>	<b>0.3%</b>	<b>382</b>	381	356	373	376	9.5
<b>West</b>	<b>50.4%</b>	<b>185</b>	123	200	169	176	19.4
<b>Median Sales Price (\$, NSA)</b>	<b>2.3%</b>	<b>310,400</b>	303,500	337,200	317,033	314,650	0.0
		<b>Jun-19</b>	<b>May-19</b>	<b>Apr-19</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>6.3</b>	6.7	6.1	6.4	6.3	6.5

Source: Bureau of the Census