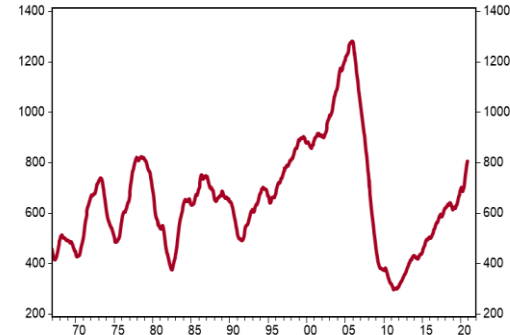


November New Home Sales

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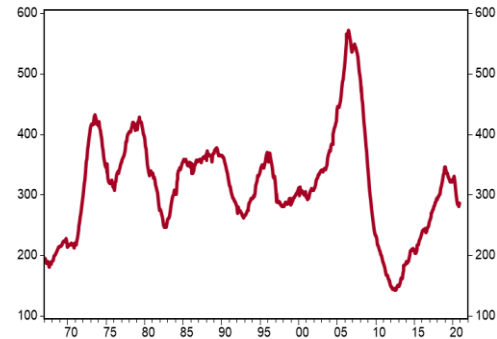
- New single-family home sales declined 11.0% in November to a 0.841 million annual rate, well below the consensus expected 0.995 million. Sales are up 20.8% from a year ago.
- Sales in November fell in all the major regions, with the steepest declines in the Midwest and West.
- The months' supply of new homes (how long it would take to sell all the homes in inventory) rose to 4.1 in November from 3.6 in October. The gain was due to both a slower pace of sales and an increase in inventories of 5,000 units.
- The median price of new homes sold was \$335,300 in November, up 2.2% from a year ago. The average price of new homes sold was \$390,100, up 1.5% versus last year.

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

Implications: November's report on new home sales was a big disappointment, with sales coming in below even the most pessimistic forecast by any economics group. Not only did sales fall 11%, but several previous months were revised down as well, making November's drop the fourth decline in a row. That said, looking at 2020 as a whole shows a much more encouraging picture. Even with the recent declines, new home sales are still 8.7% above the January pre-pandemic high and are on pace to post the best annual sales pace since 2006. As impressive as new home sales have been throughout the pandemic, it looks like the lack of finished new homes waiting for buyers has begun to put the brakes on a further recovery. In the past year, the only portion of the inventory of unsold new homes that has increased are homes where construction has yet to start. Meanwhile, the inventory of unsold homes that are either under construction or finished is down from a year ago. Overall, while the number of new single-family homes started is up 27.1% from a year ago, the inventory of new homes available for sale is down 11.2% over the same period, illustrating just how strong demand has been so far in 2020. Given the downward pressure that social distancing regulations, shortages of labor, supply chain issues, and now cold weather continue to exert on new construction, it will be difficult to satisfy this demand in the short run. However, as the pandemic ebbs in 2021 due to widespread vaccine distribution and warmer weather as we enter the Spring, many of these impediments will fade. And with more inventory available, we expect demand will remain strong and push sales higher in 2021. Why? First, affordability; near zero interest rates from the Federal Reserve have helped reduce 30-year fixed mortgage to record lows. Second, due to the pandemic, closures, and urban unrest, buyers' preferences have shifted away from units in denser urban environments, toward more spacious options in the suburbs, where most new single-family homes are built. While some portion of this effect will reverse as we return to "normal," we expect many buyers who have their minds set on a single-family home will follow through. In other recent housing news, the FHFA index, which measures prices for homes financed by conforming mortgages, rose 1.5% in October and is up 10.2% from a year ago, a major acceleration from the gain of 5.5% in the twelve months ending in October 2019. The 10.2% gain versus a year ago is the largest year-to-year increase since the housing bubble in the 2000s.

New Home Sales <i>All Data Seasonally Adjusted, Levels in Thousands</i>	Nov-20		Oct-20	Sep-20	3-mo	6-mo	Yr to Yr
	% Ch	Level			moving avg	moving avg	% Change
New Single Family Homes Sales	-11.0%	841	945	965	917	925	20.8
Northeast	-2.5%	39	40	39	39	43	18.2
Midwest	-43.3%	59	104	95	86	94	-24.4
South	-1.9%	513	523	562	533	538	30.5
West	-17.3%	230	278	269	259	249	19.8
Median Sales Price (\$, NSA)	-0.7%	335,300	337,500	340,500	337,767	334,950	2.2
		Nov-20	Oct-20	Sep-20	3-mo Avg	6-mo Avg	12-mo Avg
Months' Supply at Current Sales Rate (Levels)		4.1	3.6	3.5	3.7	3.8	4.8

Source: Bureau of the Census