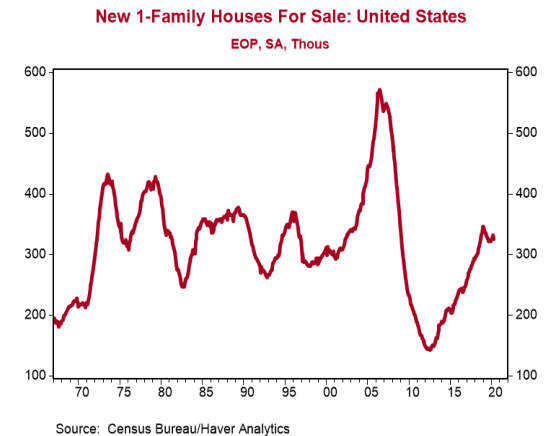
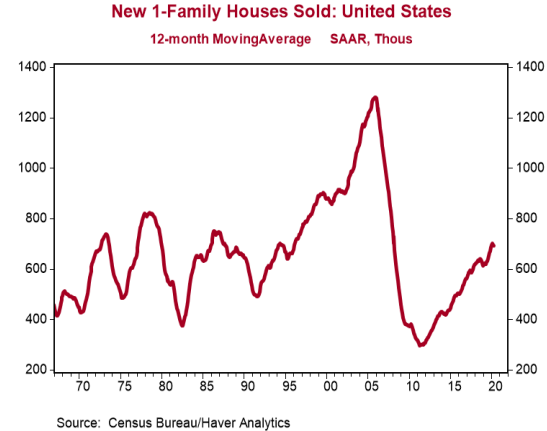


# April New Home Sales

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- New single-family home sales increased 0.6% in April to a 623,000 annual rate, easily beating the consensus expected 480,000. Sales are down 6.2% from a year ago.
- Sales rose in the Northeast, Midwest, and South, but fell in the West.
- The months' supply of new homes (how long it would take to sell all the homes in inventory) fell to 6.3 months in April from 6.4 months in March. The decline was due to both the faster pace of sales and a decrease in inventories of 6,000 units.
- The median price of new homes sold was \$309,900 in April, down 8.6% from a year ago. The average price of new homes sold was \$364,500, down 5.4% versus last year.

**Implications:** New home sales surprised to the upside in April, easily beating consensus expectations and surpassing even the most optimistic forecast by any economics group. The headline gain of 0.6% might not look impressive, and at any other time it probably wouldn't be, but remember that April was the height of lockdowns and social distancing nationwide. That said, sales are still down 19.5% from January and 6.2% from a year ago, so the housing market is clearly still feeling some pain, though today's report signals it may be beginning to stabilize earlier than expected. Affordability is probably the main factor putting a floor under activity. Fed liquidity measures have helped fully reverse the spike in mortgage rates that happened in aftermath of the US virus outbreak, and rates now once again sit near a record low. Meanwhile, the median sales price for a new home has been falling the past two months and is now down 8.6% versus a year ago. However, this doesn't seem to be due to a significant overhang of finished new homes waiting for buyers. In fact, all the increase in the inventory of unsold new homes in the past year has been for homes where construction has yet to start. The inventory of unsold homes that are either under construction or finished is still down from a year ago. Given the downward pressure that lockdowns and social distancing are having on construction, we do not expect an oversupply of homes anytime soon. As a result, home prices bounce upward in the next several months. In other recent housing news, the Case-Shiller national home price index, which measures prices for existing single-family homes, rose 0.5% in March and was up 4.4% from a year ago. In the past year, prices are up the fastest in Phoenix and Seattle, while up the slowest in Chicago and New York. Meanwhile, the FHFA index, which measures prices for homes financed by conforming mortgages, increased 0.1% in March and is up 5.9% from a year ago.



New Home Sales	Apr-20		Mar-20	Feb-20	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>0.6%</b>	<b>623</b>	619	717	653	693	-6.2
<b>Northeast</b>	<b>8.7%</b>	<b>25</b>	23	40	29	32	-26.5
<b>Midwest</b>	<b>2.4%</b>	<b>86</b>	84	84	85	85	26.5
<b>South</b>	<b>2.4%</b>	<b>379</b>	370	384	378	386	4.7
<b>West</b>	<b>-6.3%</b>	<b>133</b>	142	209	161	190	-33.5
<b>Median Sales Price (\$, NSA)</b>	<b>-5.2%</b>	<b>309,900</b>	326,900	331,400	322,733	325,767	-8.6
		<b>Apr-20</b>	<b>Mar-20</b>	<b>Feb-20</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>	6.4	5.5	6.1	5.7	5.7

Source: Bureau of the Census