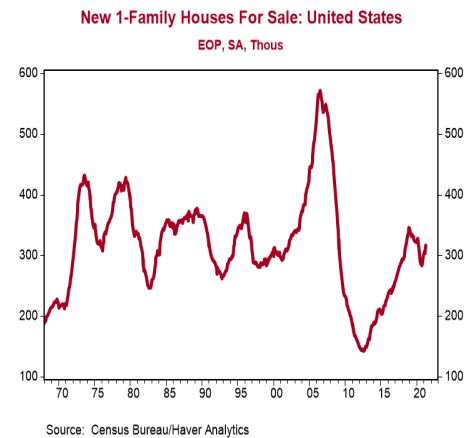
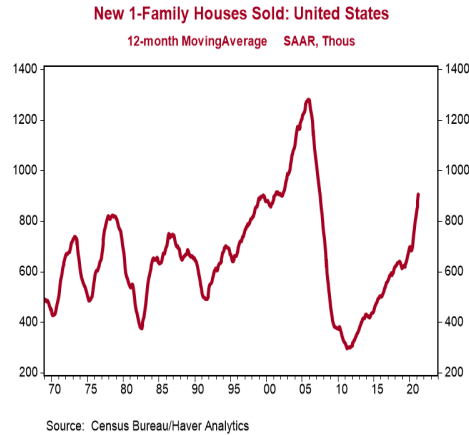


April New Home Sales

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- New single-family home sales fell 5.9% in April to a 0.863 million annual rate, well below the consensus expected 0.950 million. Sales are up 48.3% from a year ago.
- Sales in April fell in the Northeast, Midwest, and South, but rose in the West.
- The months' supply of new homes (how long it would take to sell all the homes in inventory) rose to 4.4 in April from 4.0 in March. The gain was due to a slower pace of sales and a 12,000 unit increase in inventories.
- The median price of new homes sold was \$372,400 in April, up 20.1% from a year ago. The average price of new homes sold was \$435,400, up 20.8% versus last year.

Implications: New home sales fell modestly in April, but the bigger story in today's report was downward revisions to prior months. In the March report sales for that month stood at the highest level since 2006, however now it looks like sales have generally been decelerating since January. That said, even after these revisions sales are still up 18.2% from February 2020 before the pandemic erupted, illustrating how resilient the housing market has been throughout the turmoil of the past year. One obvious reason for the recent slowdown in sales has been the relentless growth in prices. The median price of a new home is up 20.1% from a year ago, the most since the late 1980s. But it's not just buyers who are pulling back from the market recently. Due to higher inflation in costs, home builders are also becoming more cautious about listing new builds too early, waiting deeper in the construction process before making inventory available for sale. The problem is that with the recent runup in commodity input prices and the ongoing labor shortage, builders don't want to sell unfinished properties too early and be left holding the bag if and when costs balloon even more. Case in point, the National Association of Home Builders recently reported that rising lumber costs alone have added \$36,000 in cost to the average single-family home. For the time being, look for builders to finish existing units before adding more to their plate. The number of single-family homes currently under construction are at the highest levels since 2007, so there is a significant backlog that should keep construction activity running on all cylinders for the foreseeable future. As more homes become available, we expect demand will remain strong and help maintain a rapid pace of sales in 2021. In other housing news today, the national Case-Shiller index rose 1.5% in March, the largest monthly gain since 1978, and is up 13.2% from a year ago, the largest twelve-month gain since 2005. Price gains were led by the Phoenix, San Diego, and Seattle, with the slowest price gains in Las Vegas (less tourism) and Chicago (high taxes and crime). Meanwhile, the FHFA index, which measures prices for homes financed with conforming mortgages, rose 1.4% in March and is up 13.9% in the past year, the largest twelve-month increase on record (dating back to 1991). Finally, on the manufacturing front, the Richmond Fed index, which measures mid-Atlantic factory sentiment, rose to +18 in May from +17 in April, signaling a continued robust recovery in that sector.



New Home Sales <i>All Data Seasonally Adjusted, Levels in Thousands</i>	Apr-21		Mar-21	Feb-21	3-mo	6-mo	Yr to Yr
	% Ch	Level			moving avg	moving avg	% Change
New Single Family Homes Sales	-5.9%	863	917	854	878	906	48.3
Northeast	-13.7%	44	51	39	45	43	100.0
Midwest	-8.3%	110	120	113	114	113	46.7
South	-8.2%	545	594	479	539	545	61.2
West	7.9%	164	152	223	180	206	11.6
Median Sales Price (\$, NSA)	11.4%	372,400	334,200	352,800	353,133	358,117	20.1
Months' Supply at Current Sales Rate (Levels)		Apr-21	Mar-21	Feb-21	3-mo Avg	6-mo Avg	12-mo Avg
		4.4	4.0	4.3	4.2	4.0	4.0

Source: Bureau of the Census