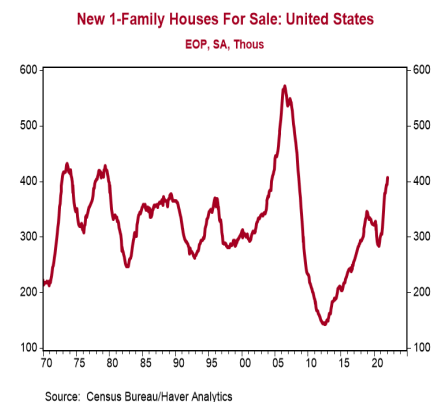
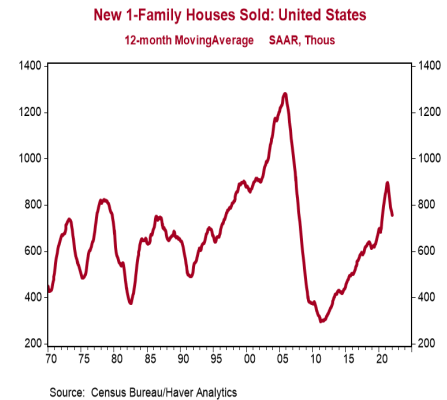


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January New Home Sales

- New single-family home sales declined 4.5% in January to a 0.801 million annual rate, nearly matching the consensus expected 0.803 million. Sales are down 19.3% from a year ago.
- Sales in January fell in the Northeast, South, and Midwest, 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 6.1 in January from 5.6 in December. The gain was due to both a slower pace of sales and a 12,000 unit increase in inventories.
- The median price of new homes sold was \$423,300 in January, up 13.4% from a year ago. The average price of new homes sold was \$496,900, up 18.7% versus last year.

Implications: Following back-to-back double-digit percentage gains at the end of 2021, new home sales took a breather to start off the new year. The good news is that sales activity recently hit a bottom in October of 2021 and an upward trend has reemerged. However, sales still remain well below the peak we saw a year ago. Why? We think for two main intertwined reasons: a lack of supply of completed homes plus rapid price appreciation versus pre-COVID levels. The good news is that builders have been ramping up activity, with the total number of single-family homes under construction currently at the highest levels since 2006. Ultimately, that added supply will facilitate more sales while slowing the pace of new home price appreciation. In the meantime, buyers are still stuck dealing with very few options when it comes to completed homes. It's true that overall inventories have been rising recently and now sit at the highest level since 2008. This has pushed up the months' supply (how long it would take to sell the current inventory at today's sales pace) to 6.1 from a record low reading of 3.5 in late 2020. However, almost all of this inventory gain is from homes where construction has either not yet started or is still underway. Doing a similar calculation with only completed homes on the market shows a months' supply of a meager 0.6, near the lowest level on record back to 1999. The good news is that the inventory of completed homes has been rising consistently since July, signaling a return to an upward trend after nearly a year straight of declines. As more homes become available, we expect demand will remain strong and help boost sales in 2022. In other recent housing news, the national Case-Shiller index rose 1.3% in December, a large gain by normal standards, but a slowdown from earlier in 2021. Still, the index is up 18.8% from a year ago, led by price gains in Phoenix and Tampa, with the slowest gains in Washington, DC, Minneapolis, and Chicago. The FHFA index, which measures prices for homes financed by conforming mortgages, increased 1.2% in December and is up 17.7% from a year ago. In other recent news, the Richmond Fed Manufacturing Index, which measures mid-Atlantic manufacturing sentiment, fell to +1 in February from +8 in January. Meanwhile, its counterpart the Kansas City Fed Index rose to a +29 in February from +24 in January.



New Home Sales	Jan-22		Dec-21	Nov-21	3-mo moving avg	6-mo moving avg	Yr to Yr % Change
	% Ch	Level					
<i>All Data Seasonally Adjusted, Levels in Thousands</i>							
New Single Family Homes Sales	-4.5%	801	839	749	796	742	-19.3
Northeast	-10.7%	25	28	29	27	29	-46.8
Midwest	-3.7%	78	81	58	72	68	-37.1
South	-7.4%	438	473	412	441	428	-23.8
West	1.2%	260	257	250	256	216	5.3
Median Sales Price (\$, NSA)	7.0%	423,300	395,500	425,300	414,700	414,817	13.4
		Jan-22	Dec-21	Nov-21	3-mo Avg	6-mo Avg	12-mo Avg
Months' Supply at Current Sales Rate (Levels)		6.1	5.6	6.3	6.0	6.4	5.8

Source: Bureau of the Census