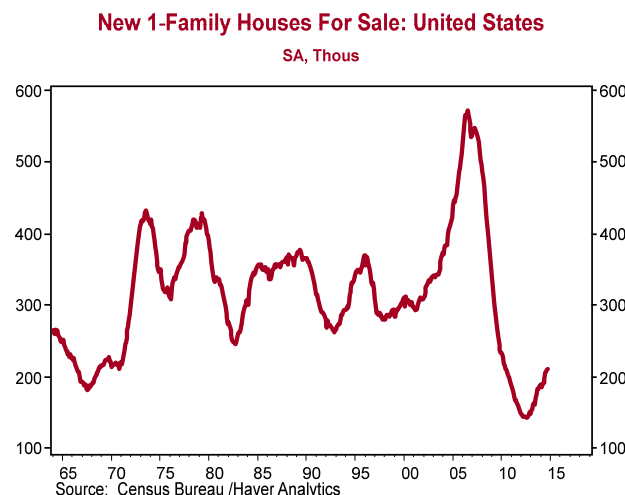
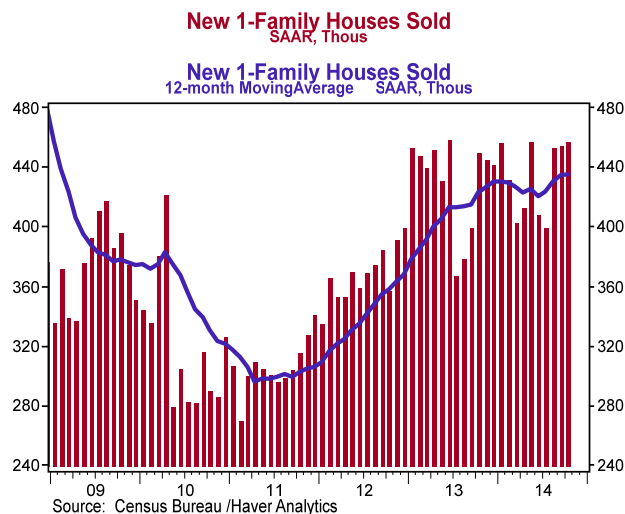


# October New Home Sales

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- New single-family home sales rose 0.7% in October to a 458,000 annual rate, coming in below the consensus expected pace of 471,000. Sales are up 1.8% from a year ago.
- Sales rose in the Midwest and Northeast, but were down in the South and West.
- The months' supply of new homes (how long it would take to sell the homes in inventory) rose to 5.6 months in October from 5.5 months in September as the faster sales pace was not high enough to offset a 2,000 unit increase in inventories.
- The median price of new homes sold was \$305,000 in October, up 15.4% from a year ago. The average price of new homes sold was \$401,100, up 19.5% versus last year.

**Implications:** New single-family home sales rose 0.7% in October, coming in 1.8% higher than a year ago and, besides tying May, the highest level since mid-2008. This comes on the heels of last Thursday's report, which showed a solid gain in existing home sales. Nonetheless, new home sales still remain at depressed levels relative to where they should be by now in the recovery and we believe there are a few key reasons for this. First, the homeownership rate remains depressed as a larger share of the population is renting. Second, buyers have shifted slightly from single-family homes, which are counted in the new home sales data, to multi-family homes (think condos in cities), which are not counted in the report. Third, although we may be seeing a thaw, financing is still more difficult than it has been in the past. The inventory of new homes rose 2,000 in October, but still remains very low as the chart to the right shows. As a result, homebuilders still have plenty of room to increase both construction and inventories. The median sales price for a new home skyrocketed in October, up 16.5% in October and up 15.4% from a year ago. The gain is due to the "mix" of home sales in that particular month. Sales of homes over \$750,000 made up 9% of sales in October, up from 3% last month, and 5% a year ago. Sales of homes over \$750,000 made up 9% of sales in October, up from 3% last month, and 5% a year ago. In other news this morning, pending home sales, which are contracts on existing homes, declined 1.1% in October, but remain up 2.2% from a year ago, while the Chicago PMI, which measures manufacturing sentiment in that key region, declined to a still very high 60.8 in November from 66.2 in October.



New Home Sales	Oct-14		Sep-14	Aug-14	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>0.7%</b>	<b>458</b>	455	453	455	439	1.8
<b>Northeast</b>	<b>7.1%</b>	<b>30</b>	28	28	29	29	-6.3
<b>Midwest</b>	<b>15.8%</b>	<b>66</b>	57	55	59	60	-2.9
<b>South</b>	<b>-1.9%</b>	<b>252</b>	257	247	252	241	-4.5
<b>West</b>	<b>-2.7%</b>	<b>110</b>	113	123	115	109	27.9
<b>Median Sales Price (\$, NSA)</b>	<b>16.5%</b>	<b>305,000</b>	261,700	287,700	284,800	284,567	15.4
		<b>Oct-14</b>	<b>Sep-14</b>	<b>Aug-14</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>5.6</b>	5.5	5.5	5.5	5.6	5.4

Source: Bureau of the Census