

August New Home Sales

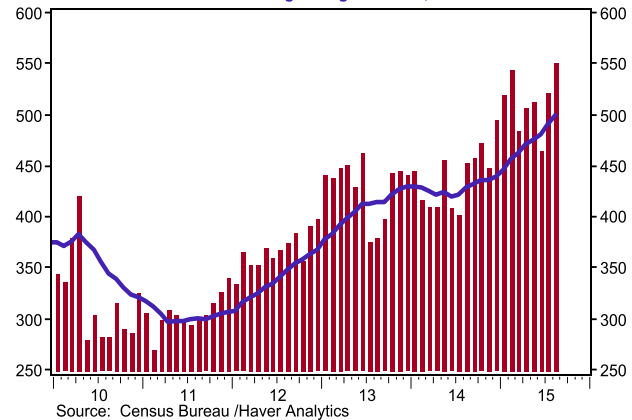
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- New single-family home sales increased 5.7% in August to a 552,000 annual rate, easily beating the consensus expected pace of 515,000. Sales are up 21.6% from a year ago.
- Sales rose in the Northeast, South and West, but fell in the Midwest.
- The months' supply of new homes (how long it would take to sell the homes in inventory) fell to 4.7 months in August from 4.9 in July. The decline was entirely due to a faster pace of sales. Inventories rose by 1,000 units.
- The median price of new homes sold was \$292,700 in August, up 0.3% from a year ago. The average price of new homes sold was \$353,400, down 0.8% versus last year.

Implications: New residential home sales surprised to the upside in August, surging to a seven-year high and easily beating consensus expectations. Sales increased 5.7% in August to a 552,000 annual rate, the highest level since February 2008. Sales are up 21.6% in the past year. Housing starts, which are a good predictor of home sales, have followed this trend as well. But new home sales have been running even higher than what would be expected with the pace of housing starts. The underlying details of today's report also showed strength. The months' supply of homes for sale fell to 4.7 months in August from 4.9 in July, with the decline entirely due to the faster sales pace, as inventories rose by 1,000 units. Note, however, that the increase in inventories was not due to finished homes sitting unsold, but instead to homes where the builder has yet to begin construction. In fact, the inventory of completed homes for sale declined in August. This paired with the increased pace of sales shows that builders still have plenty of room to increase both construction and inventories. Having made these points, don't forget that new home sales are still depressed relative to history. We think there are a few reasons for this. First, 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 this report. Third, although we may be starting to see a thaw, financing is still more difficult than it has been in the past. The trend is what matters, though, and the trend in sales continues higher. In other recent housing news, the FHFA index, which measures prices for homes financed with conforming mortgages, increased 0.6% in July and is up 5.8% from a year ago. Price gains like these underscore the incentive for builders to build more homes.

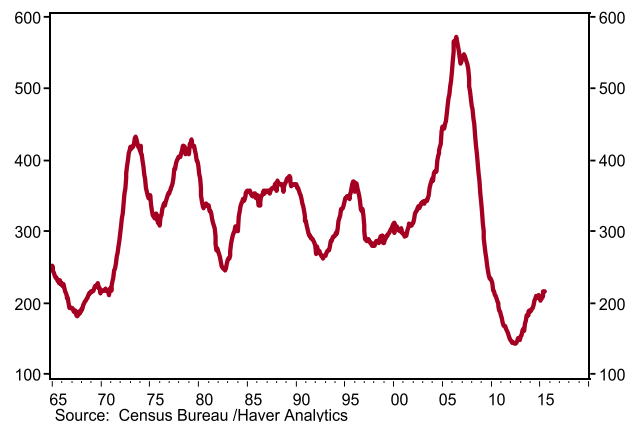
New 1-Family Houses Sold
SAAR, Thous

New 1-Family Houses Sold
12-month Moving Average SAAR, Thous



New 1-Family Houses For Sale: United States

SA, Thous



New Home Sales	Aug-15		Jul-15	Jun-15	3-mo	6-mo	Yr to Yr
	% Ch	Level			moving avg	moving avg	% Change
<i>All Data Seasonally Adjusted, Levels in Thousands</i>							
New Single Family Homes Sales	5.7%	552	522	466	513	508	21.6
Northeast	24.1%	36	29	28	31	26	24.1
Midwest	-9.1%	60	66	59	62	62	15.4
South	7.4%	319	297	263	293	291	27.6
West	5.4%	137	130	116	128	130	11.4
Median Sales Price (\$, NSA)	0.5%	292,700	291,100	274,800	286,200	288,683	0.3
		Aug-15	Jul-15	Jun-15	3-mo Avg	6-mo Avg	12-mo Avg
Months' Supply at Current Sales Rate (Levels)		4.7	4.9	5.5	5.0	5.0	5.1

Source: Bureau of the Census