

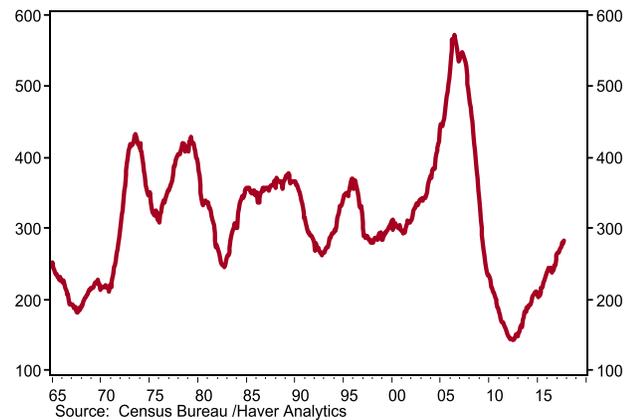
October New Home Sales

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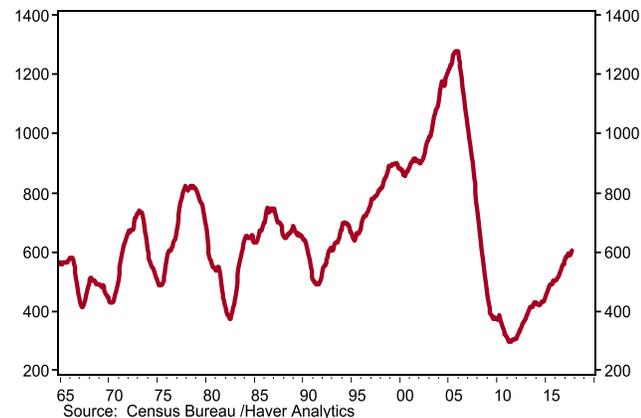
- New single-family home sales increased 6.2% in October to a 685,000 annual rate, well above the consensus expected 627,000. Sales are up 18.7% from a year ago.
- Sales rose in all the major regions in October.
- The months' supply of new homes (how long it would take to sell the homes in inventory) fell to 4.9 months in October from 5.2 months in September. The decline was due entirely to a faster sales pace. Inventories rose 4,000 units in October.
- The median price of new homes sold was \$312,800 in October, up 3.3% from a year ago. The average price of new homes sold was \$400,200, up 13.6% versus last year.

Implications: New home sales surprised to the upside in October, coming in well above consensus expectations and beating the forecast from every economics group for the second straight month. At a 685,000 annual rate, sales of new homes were up 18.7% from a year ago and the highest since 2007. There is some evidence that part of the recent strength may be due to a rebound from Hurricanes Harvey and Irma. Notably, all of the increase in October was due to contracts on homes where construction has yet to start, which jumped the most for any month since 2005. However, this is not all just an artificial rebound from the hurricanes. The increase in sales in October was broad-based across all the major regions, with the smallest gain from the South. Moreover, if we average new home sales in August, September, and October – which means we're including the negative hurricane effects in August – the average pace is also the highest since 2007. New home sales can be volatile from month to month, but prospects remain good for further growth over the next few years. Sales of new homes were typically about 15% of all home sales prior to the end of the housing bubble in the previous decade. They fell to about 7.5% of sales at the bottom of the housing bust and now have recovered to about 11%. And if there's plenty of room for growth in new home sales, that means plenty of room for home building to grow as well. The month's supply of new homes – how long it would take sell all homes in the inventory is down to 4.9 months, the lowest level in more than a year. Going forward, there are a few key reasons we are maintaining a positive outlook on housing. First, job gains continue, which should put continued upward pressure on wage growth. Second, credit standards in the mortgage market are thawing. Third, the homeownership rate has started to revive after a long period of growth in renting, which leaves plenty of potential buyers as economic conditions continue to improve. The US economy is looking up and housing is one of the sectors leading the way.

New 1-Family Houses For Sale: United States
 SA, Thous



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



New Home Sales <i>All Data Seasonally Adjusted, Levels in Thousands</i>	Oct-17		Sep-17	Aug-17	3-mo	6-mo	Yr to Yr
	% Ch	Level			moving avg	moving avg	% Change
New Single Family Homes Sales	6.2%	685	645	565	632	614	18.7
Northeast	30.2%	56	43	37	45	44	64.7
Midwest	17.9%	79	67	68	71	68	16.2
South	1.3%	383	378	316	359	344	14.0
West	6.4%	167	157	144	156	158	20.1
Median Sales Price (\$, NSA)	-3.7%	312,800	324,900	311,700	316,467	318,517	3.3
		Oct-17	Sep-17	Aug-17	3-mo Avg	6-mo Avg	12-mo Avg
Months' Supply at Current Sales Rate (Levels)		4.9	5.2	5.9	5.3	5.4	5.3

Source: Bureau of the Census