

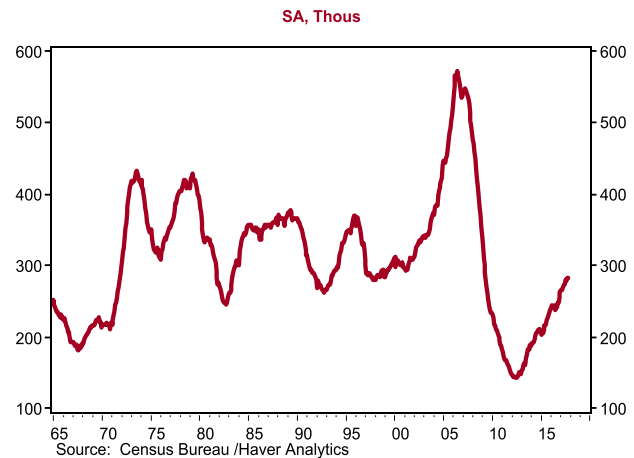
# November New Home Sales

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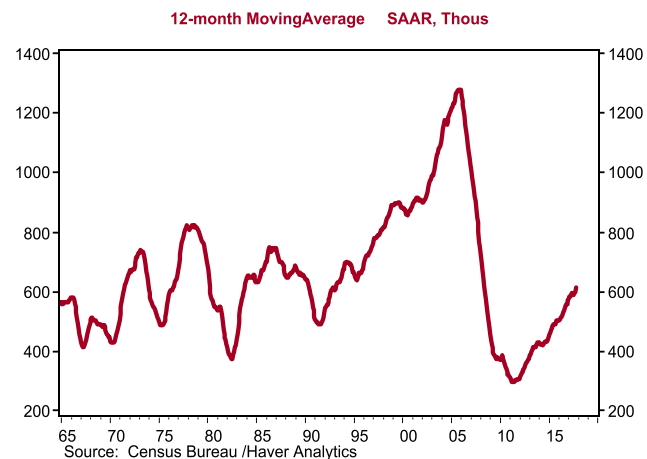
- New single-family home sales increased 17.5% in November to a 733,000 annual rate, easily beating the consensus expected 655,000. Sales are up 26.6% from a year ago.
- Sales rose in all the major regions in November.
- The months' supply of new homes (how long it would take to sell the homes in inventory) fell to 4.6 months in November from 5.4 months in October. The decline was due entirely to a faster sales pace. Inventories were unchanged in November.
- The median price of new homes sold was \$318,700 in November, up 1.2% from a year ago. The average price of new homes sold was \$377,100, up 3.8% versus last year.

**Implications:** New home sales exploded in November, blowing away consensus expectations and beating the forecast from every economics group for the third straight month. At a 733,000 annual rate, sales of new homes were up 26.6% from a year ago and the highest since 2007. Part of the recent strength is likely due to the aftermath of Hurricanes Harvey and Irma, with many people having to buy a new home to replace one destroyed in the storms. Half of the gain in sales in November came from the South. Further, 70% of the November increase 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 just an artificial rebound from the summer storms. Sales also spiked in the West, which represented nearly as large a portion of the growth as the South. New home sales will 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 6.5% 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 4.6 months, the lowest level in more than a year. With jobs continuing to grow at a healthy pace, wages accelerating, and a tax cut on its way, we maintain our optimism about home building in the years ahead. Although the new tax law trims back the mortgage interest deduction for some high-end homes, the value of the mortgage interest deduction was affected more broadly by the marginal tax rate reductions in the 1980s, during which housing did well. Yes, the new tax law also trims back state and local tax deductions, including the property tax, but we think that's going to affect where people live, not overall home building nationwide. The US economy is looking up and housing is one of the sectors leading the way.

**New 1-Family Houses For Sale: United States**



**New 1-Family Houses Sold: United States**



New Home Sales	Nov-17		Oct-17	Sep-17	3-mo	6-mo	Yr to Yr
	% Ch	Level			moving avg	moving avg	% Change
<i>All Data Seasonally Adjusted, Levels in Thousands</i>							
<b>New Single Family Homes Sales</b>	17.5%	733	624	635	664	622	26.6
<b>Northeast</b>	9.5%	46	42	41	43	42	53.3
<b>Midwest</b>	6.9%	77	72	68	72	70	0.0
<b>South</b>	14.9%	416	362	369	382	352	32.5
<b>West</b>	31.1%	194	148	157	166	160	22.8
<b>Median Sales Price (\$, NSA)</b>	-0.3%	318,700	319,600	328,500	322,267	319,850	1.2
		Nov-17	Oct-17	Sep-17	3-mo Avg	6-mo Avg	12-mo Avg
<b>Months' Supply at Current Sales Rate (Levels)</b>		4.6	5.4	5.3	5.1	5.4	5.4

Source: Bureau of the Census