

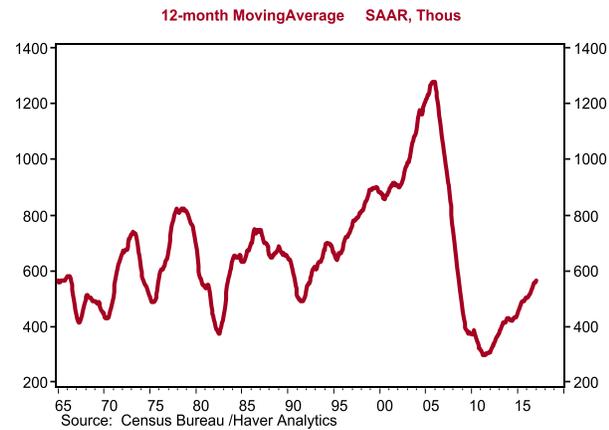
## February New Home Sales

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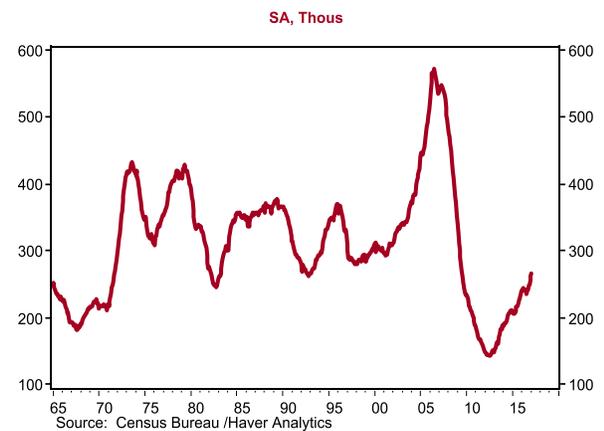
- New single-family home sales increased 6.1% in February to a 592,000 annual rate, easily beating the consensus expected pace of 564,000. Sales are up 12.8% from a year ago.
- Sales rose in the Midwest, West, and South, but fell in the Northeast.
- The months' supply of new homes (how long it would take to sell the homes in inventory) fell to 5.4 months in February from 5.6 months in January. The decline in the months' supply was entirely due to a faster pace of sales. Inventories rose by 4,000 units in February.
- The median price of new homes sold was \$296,200 in February, down 4.9% from a year ago. The average price of new homes sold was \$390,400, up 11.7% versus last year.

**Implications:** New home sales surprised to the upside in February, coming in at the second fastest pace since 2008. Sales increased 6.1% in February and are now up 12.8% versus a year ago, demonstrating strength despite month-to-month volatility as well as the increase in mortgage rates since late 2016. Meanwhile, despite a 4,000 increase in unsold new homes, inventories remain low by historical standards (see chart to right) and are not a headwind to future construction. All of the gain in inventories in February was due to homes that were either under construction or had yet to start, with the inventory of completed homes actually declining. Going forward, we expect housing to remain a positive factor for the economy. First, employment gains continue, which should put upward pressure on wage growth. Second, credit standards in the mortgage market are starting to thaw. Third, the homeownership rate remains depressed as a larger share of the population is renting, leaving plenty of potential buyers as economic conditions continue to improve. Unlike single-family homes which are counted in the new home sales data, multi-family homes (think condos in cities) are not counted. So a shift back toward single family units will also serve to push reported sales higher. Look for overall gains in home sales in the year ahead as these factors combine to drive expansion, and any headwind created by an increase in mortgage rates is offset by expectations of faster future economic growth. In other news this morning, new claims for unemployment insurance increased 15,000 last week to 258,000. The four-week moving average is 240,000. Continuing claims fell 39,000 to 2.00 million. It's still early, but we expect a payroll gain of 150,000 for March, a healthy pace but partial payback from unusually strong job growth in January and February.

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



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



New Home Sales	Feb-17		Jan-17	Dec-16	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>6.1%</b>	<b>592</b>	558	530	560	565	12.8
<b>Northeast</b>	<b>-21.4%</b>	<b>33</b>	42	38	38	35	13.8
<b>Midwest</b>	<b>30.9%</b>	<b>89</b>	68	62	73	73	50.8
<b>South</b>	<b>3.6%</b>	<b>313</b>	302	270	295	308	7.9
<b>West</b>	<b>7.5%</b>	<b>157</b>	146	160	154	149	6.8
<b>Median Sales Price (\$, NSA)</b>	<b>-3.9%</b>	<b>296,200</b>	308,200	329,900	311,433	313,050	-4.9
		<b>Feb-17</b>	<b>Jan-17</b>	<b>Dec-16</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>5.4</b>	5.6	5.8	5.6	5.4	5.3

Source: Bureau of the Census