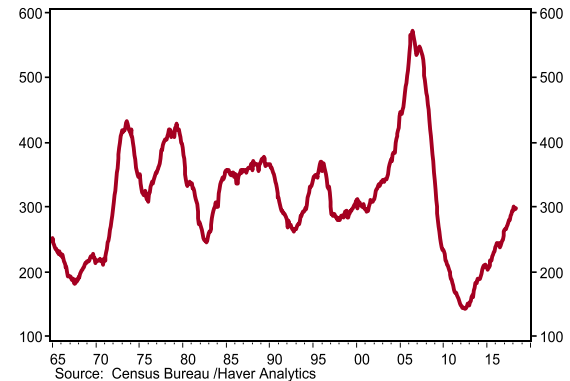


# May New Home Sales

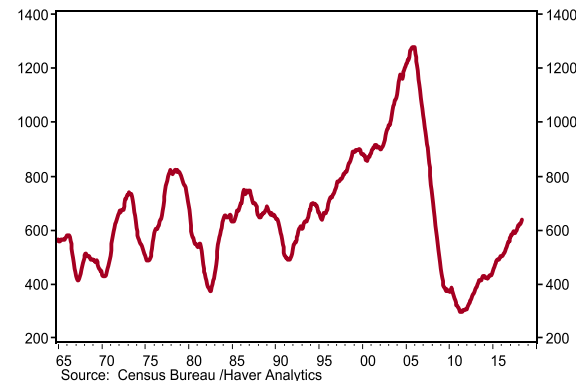
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- New single-family home sales increased 6.7% in May to a 689,000 annual rate, easily beating the consensus expected 667,000. Sales are up 14.1% from a year ago.
- Sales rose in the South, remained unchanged in the Midwest, and fell in the Northeast and West.
- The months' supply of new homes (how long it would take to sell the homes in inventory) fell to 5.2 months in May from 5.5 months in April. The decline was entirely due to the faster pace of sales. Inventories rose 3,000 units in May.
- The median price of new homes sold was \$313,000 in May, down 3.3% from a year ago. The average price of new homes sold was \$368,500, down 2.6% versus last year.

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



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



**Implications:** New home sales surprised to the upside in May, beating even the most optimistic forecast to settle at their second highest level since 2007. Sales rose 6.7% in May to a 689,000-annualized rate and are now up 14.1% from a year ago, the ninth month in a row of year-over-year gains. Although some analysts may fret about the median sales price for a new home being down 3.3% from a year ago, that's due to unusually high prices in May 2017. In the first five months of this year, the median sales price has averaged 3.4% higher than the same five-month period in 2017. Unlike with existing homes, the inventory of new homes has been expanding and is up 10.3% from a year ago. However, the inventory of completed new homes is still very low by historical standards, and almost all of the gain in inventory over the past two years has been in homes that have yet to be started or ones under construction, not completed homes, waiting for a buyer. Completed homes are the smallest share of inventories since 1999, back when the government started tracking this data. Prior to the end of the housing bubble, sales of new homes were typically about 15% of all home sales. They fell to around 6.5% of sales at the bottom of the housing bust, and now have recovered to 11%. In other words, there's still plenty of room for growth in new home sales, and as they continue to trend higher it will help alleviate the supply problems that have pushed up the median age of homes in the U.S. from 31 years in 2005 to 37 years in 2015, the most recent data available. This means room for home building to grow as well. Looking forward, prospects remain good for further growth over the next few years, though month-to-month volatility is to be expected. In other recent housing news, the FHFA index, which measures prices for homes financed by conforming mortgages, increased 0.1% in April and is up 6.4% versus a year ago, below the 7.0% gain in the twelve months ending April 2017. On the jobs front, initial claims data last week showed new claims for jobless benefits fell 3,000 for the week of June 16th to 218,000. Meanwhile continuing claims rose 22,000 to 1.72 million. Finally, the Philly Fed index, a measure of East Coast factory sentiment, fell to a still elevated +19.9 in June from +34.4 in May, signaling continued optimism from manufacturers.

New Home Sales	May-18		Apr-18	Mar-18	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>	6.7%	689	646	671	669	656	14.1
<b>Northeast</b>	-10.0%	36	40	36	37	38	-16.3
<b>Midwest</b>	0.0%	87	87	86	87	82	40.3
<b>South</b>	17.9%	409	347	362	373	359	19.2
<b>West</b>	-8.7%	157	172	187	172	178	0.6
<b>Median Sales Price (\$, NSA)</b>	-1.7%	313,000	318,500	334,200	321,900	327,633	-3.3
		May-18	Apr-18	Mar-18	3-mo Avg	6-mo Avg	12-mo Avg
<b>Months' Supply at Current Sales Rate (Levels)</b>		5.2	5.5	5.3	5.3	5.4	5.5

Source: Bureau of the Census