

# April New Home Sales

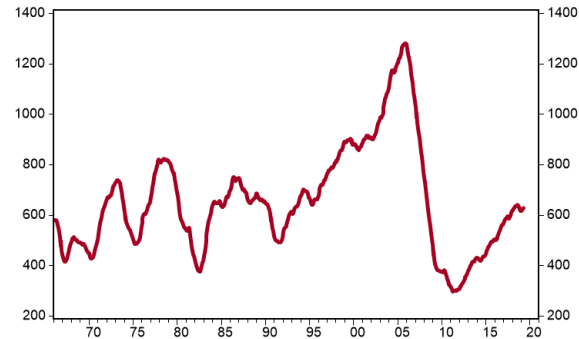
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- New single-family home sales declined 6.9% in April to a 673,000 annual rate, just below the consensus expected 675,000. Sales are up 7.0% from a year ago.
- Sales fell in the West, Midwest, and South, but rose in the Northeast.
- The months' supply of new homes (how long it would take to sell all the homes in inventory) rose to 5.9 months in April from 5.6 months in March. The increase was due entirely to the slower pace of sales. Inventories fell by 3,000 units in April.
- The median price of new homes sold was \$342,200 in April, up 8.8% from a year ago. The average price of new homes sold was \$393,700, up 2.2% versus last year.

**Implications:** New home sales took a breather in April following three months of gains and sales activity hitting a post-recession high. But, overall, today's report is good news for the housing sector. Although sales fell 6.9% in April, they're up 7.0% from a year ago. Sales have been on a general upward trend since October, a significant reversal after the slowdown we saw through most of 2018. Moreover, new single-family home sales have recently been outpacing what we should expect given the pace of single-family housing starts. Normally, new home sales are roughly 70% of single-family housing starts. In the past few months, new home sales have averaged 84% of single-family starts, which bodes well for future construction. This was also echoed by a 14.6% surge in the number of units sold where construction hasn't yet started, the fastest pace since 2017 and a signal of strong demand. It looks safe now to say that many of last year's fears about a housing market slowdown were premature. Affordability has been playing a big role in the recent rebound. With that in mind, it's not surprising that April's decline happened amid an 11.9% increase in median prices, the second largest monthly increase going back to the early 1960s. This was the result of a shift in the "mix" of sales, with homes worth \$299,999 or less representing all of the month's decline and falling from 47% of total sales in March to 39% in April.

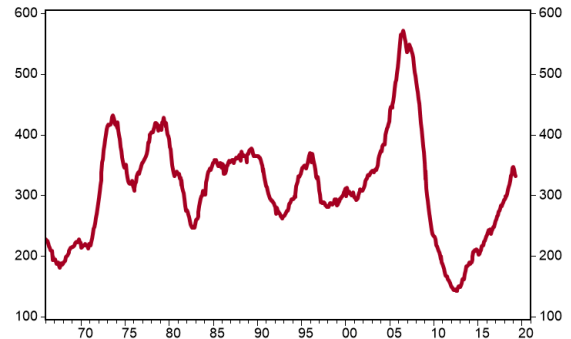
This pushed the year-over-year change in median home prices back into positive territory at 8.8%, following five months in a row of year-over-year declines. Mortgage rates are contributing to higher sales, having fallen nearly 80 basis points after peaking in November. When combined with a strengthening job market and wages that are growing at close to the fastest pace since the Great Recession, the fundamentals are in place to support continued gains. We also believe the fundamentals signal growth over the medium to long term. Relative to population, the number of new home sales remains well below where it should be. That means much more home construction will be needed, it's simple math. Bottom line, we expect sales and construction in 2019 to outpace 2018 and continue the upward trend. In employment news this morning, initial jobless claims declined 1,000 last week to 211,000. Continuing claims rose 12,000 to 1.676 million. These readings suggest another solid month of job creation in May.

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



Source: Census Bureau/Haver Analytics

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



Source: Census Bureau/Haver Analytics

New Home Sales	Apr-19		Mar-19	Feb-19	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>-6.9%</b>	<b>673</b>	723	669	688	648	7.0
<b>Northeast</b>	<b>11.5%</b>	<b>29</b>	26	33	29	29	-12.1
<b>Midwest</b>	<b>-7.4%</b>	<b>87</b>	94	82	88	78	3.6
<b>South</b>	<b>-7.3%</b>	<b>369</b>	398	380	382	374	5.1
<b>West</b>	<b>-8.3%</b>	<b>188</b>	205	174	189	167	16.8
<b>Median Sales Price (\$, NSA)</b>	<b>11.9%</b>	<b>342,200</b>	305,800	316,100	321,367	317,950	8.8
		<b>Apr-19</b>	<b>Mar-19</b>	<b>Feb-19</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>5.9</b>	5.6	6.2	5.9	6.4	6.3

Source: Bureau of the Census