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March New Home Sales

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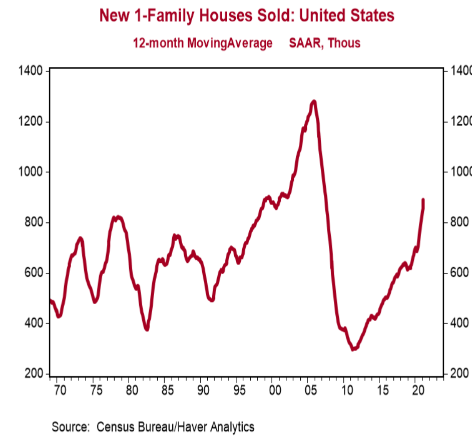
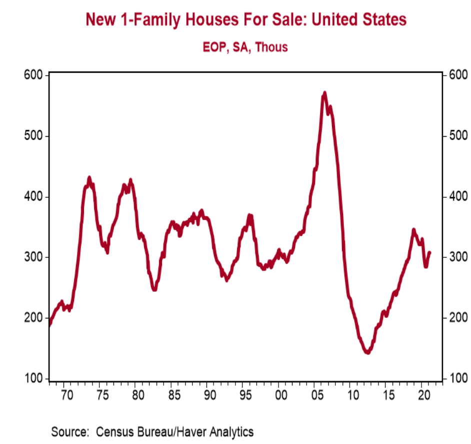
- New single-family home sales soared 20.7% in March to a 1.021 million annual rate, easily beating the consensus expected 0.885 million. Sales are up 66.8% from a year ago.
- Sales in February rose in the South, Midwest, and Northeast, but fell in the West.
- The months' supply of new homes (how long it would take to sell all the homes in inventory) fell to 3.6 in March from 4.4 in February. The decline was due to a faster pace of sales. Inventories remained unchanged in March.
- The median price of new homes sold was $330,800 in March, up 0.8% from a year ago. The average price of new homes sold was $397,800, up 6.0% versus last year.





Implications: New home sales surged in March, beating even the most optimistic forecast by any economics group as buyers excitedly re-entered the market following a temporary pause in activity in February due to severe winter weather across the US. New home sales are now up 31.9% from the pre-COVID high and currently sit at the highest level since 2006. Keep in mind that sales of new homes are counted when contracts are signed rather than being counted at closing, like existing home sales. This means they are a timelier indicator of the housing market, so it's not surprising that March new home sales posted such a strong rebound from February's weather-related weakness (+20.7%) while existing home sales yesterday did not (-3.7%). Expect a rebound in existing home sales in April. Looking ahead, new home sales will continue to face headwinds related to affordability and low inventories. Thirty-year fixed mortgage rates are up roughly 40 basis points from the lows in late 2020, pushing potential buyers' monthly payments higher. The bigger issue for new home sales, though, continues to be the lack of finished homes available for purchase. In the past year, the only portion of the new homes inventory that has increased are homes where construction has yet to start. Meanwhile, the inventory of completed new homes available for sale is down a massive 50.7% over the same period, illustrating just how strong demand was in 2020. The good news is that builders are responding to the inventory shortage, with the number of single-family homes currently under construction at the highest levels since 2007. As more homes become available, we expect demand will remain strong and help maintain a rapid pace of sales in 2021 for a couple reasons. First, there has been a big shift in buyer preferences over the past year, with pandemic restrictions and significant changes in corporate work-from-home policies giving workers both the urgency and ability to seek out more spacious options in the suburbs. Even as pandemic restrictions are removed and life returns to "normal," recent changes toward work-from-home policies are unlikely to fully reverse, and buyers who have their minds set on a single-family home will follow through as more options become available. Second, Millennials are now the largest living generation and have begun to enter the housing market after years of delays, making up over 50% of mortgage originations in 2020 for the first time. Census Bureau projections show that the population of people ages 30-49 is set to grow significantly through 2039, which should bolster housing demand for the foreseeable future as this is a key homebuying demographic.

New Home Sales	Mar-21		Feb-21	Jan-21	3-mo	6-mo	Yr to Yr
All Data Seasonally Adjusted, Levels in Thousands	% Ch	Level			moving avg	moving avg	% Change
New Single Family Homes Sales	**20.7%**	**1,021**	846	1,010	959	941	66.8
Northeast	**20.0%**	**48**	40	49	46	42	108.7
Midwest	**30.7%**	**132**	101	142	125	116	78.4
South	**40.2%**	**694**	495	580	590	563	90.1
West	**-30.0%**	**147**	210	239	199	221	-2.0
***Median Sales Price** ($, NSA)*	**-4.4%**	**330,800**	345,900	362,200	346,300	350,317	0.8
		Mar-21	**Feb-21**	**Jan-21**	**3-mo Avg**	**6-mo Avg**	**12-mo Avg**
Months' Supply at Current Sales Rate (Levels)		**3.6**	4.4	3.6	3.9	3.8	4.2

Source: Bureau of the Census