

# U.S. Data Review

- New home sales: signs of improvement, but still lacking vigor

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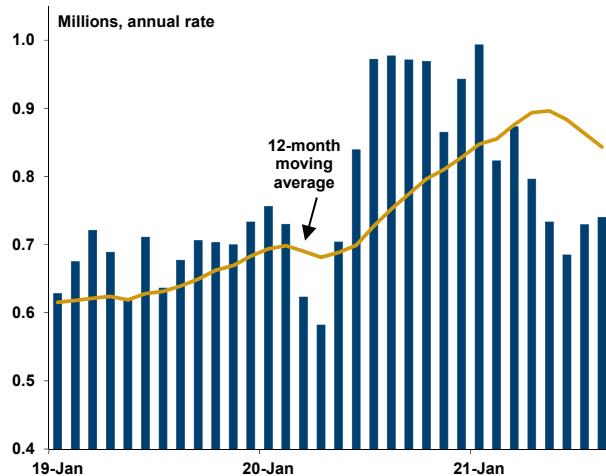
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## New Home Sales

Sales of new homes rose 1.5 percent in August from upwardly revised results in the prior three months. The combination of the latest increase and the revision pushed sales to 740,000 units (annual rate), firmer than the expected reading of 715,000. The increase in August represented the second consecutive advance, but the gains represented only a modest offset to the slide that occurred from February through June. The level of sales was in line with pre-Covid totals, but they were well shy of brisk results evident in the latter part of 2020 and the start of this year (chart, left).

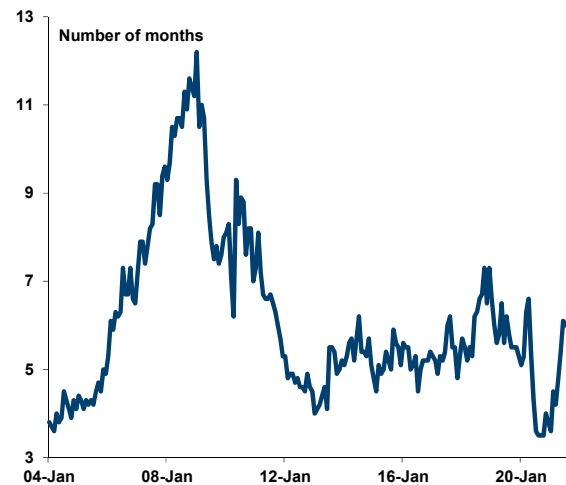
Results in August varied widely across geographic regions (sharp increase in the Northeast and a plunge in the Midwest), but all four regions in recent months show an easing in activity from the brisk results in the latter part of last year. Higher prices seem to be a major factor behind the easing, as a jump of 20.1 percent in the median prices of a new home in the past year has probably squeezed some potential buyers from the market. The National Association of Realtors has argued that limited inventories of homes for sale has constrained activity in the market for existing homes, but that does not seem to be an issue in the market for new homes. The number of new homes for sale has increased noticeably this year. The months' supply of homes for sale also has increased and is at a comfortable level relative to historical standards (chart, right).

### New Home Sales



Source: U.S. Census Bureau via Haver Analytics

### Months' Supply of Unsold Homes



Source: U.S. Census Bureau via Haver Analytics

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