

# U.S. Data Review

- New home sales: activity slumps in response to higher interest rate

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## New Home Sales

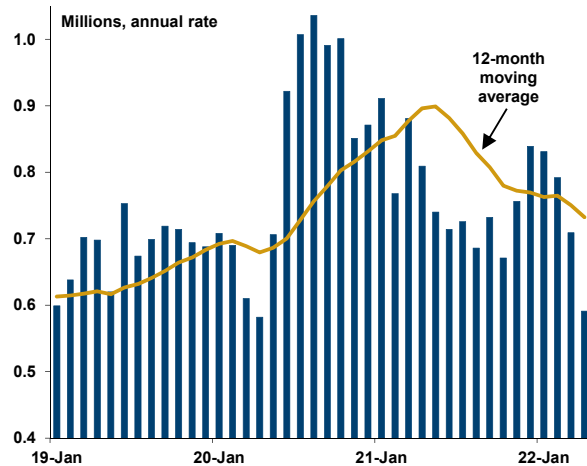
Sales of new homes slumped in April, falling 16.6 percent to 591,000 (versus an expected dip of 1.8 percent to 749,000). The latest reading was the lowest since the recession trough in April 2020 (582,000; chart, left). Moreover, downward adjustments to results in the first three months of the year left activity 4.5 percent lighter than previously believed. Elevated prices were an issue in the past year or so, and the recent surge in mortgage interest rates further damaged affordability and slammed the breaks on transactions in April.

Sales dropped in all four major regions of the country. Activity in the Northeast was reasonably well maintained, as the decline totaled “only” 5.9 percent and the level of activity remained in the upper portion of the recent range. Activity on the other three regions fell at double-digit rates and moved to the low portions of the recent ranges. Sales in the South fell below the recession low in 2020.

The inventory of homes for sale rose 8.3 percent in April to 444,000. Inventories are notably above those in three of the prior four expansions, trailing only those during the housing bubble in the mid-to-late 2000s. The sharp increase in inventories and drop sales led to a jump in the months’ supply of new homes available for sale from 6.9 months to 9.0 months, the highest reading in more than a decade (chart, right).

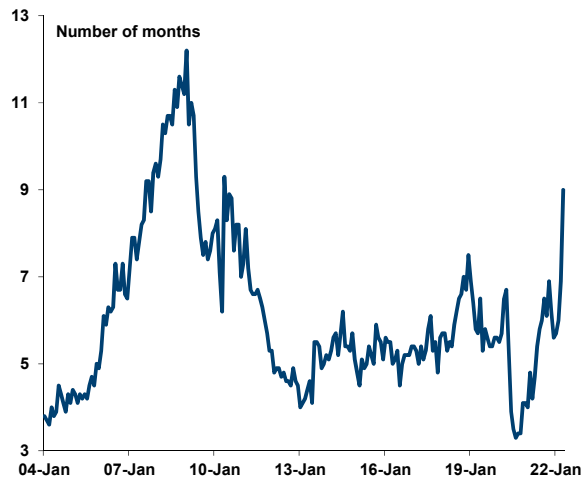
Benchmark revisions published with today’s release covered new home sales dating back to 2017. The adjustments to data were mixed, with the net adjustment slightly (inconsequentially) softer than previously estimated.

### 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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