

U.S. Data Review

- New home sales: strong performance from upward revised levels

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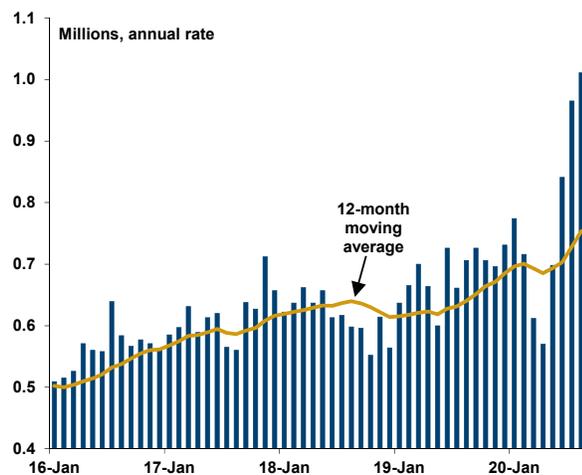
New Home Sales

Sales of new homes rose 4.8 percent in August, easily beating the expected *decline* of 1.2 percent. In addition, results in each of the prior three months were revised upward, with the cumulative effect leaving the level of sales in July 7.1 percent above the initial estimate. After strong gains in the prior three months that had already pushed sales above pre-virus levels, the jump in August (and revisions) left sales in August 30.6 percent above the pre-virus peak in January (chart, left). The level of sales in August was noticeably lower than many observations during the bubble period, but that was a bubble. The latest level was in the upper portion of the range in place before the bubble.

Sales, while strong overall, have had a geographic skew in the past few months. Activity in the South has been exceptionally vigorous, with sales moving comfortably within the range seen during the bubble. Sales in the other three regions have been merely good. Sales in the Northeast and Midwest have moved above the pre-virus peaks, but only moderately so. Sales in the West fell slightly in August and they were still a bit below the recent peak in January, but they were above all other recent pre-virus observations.

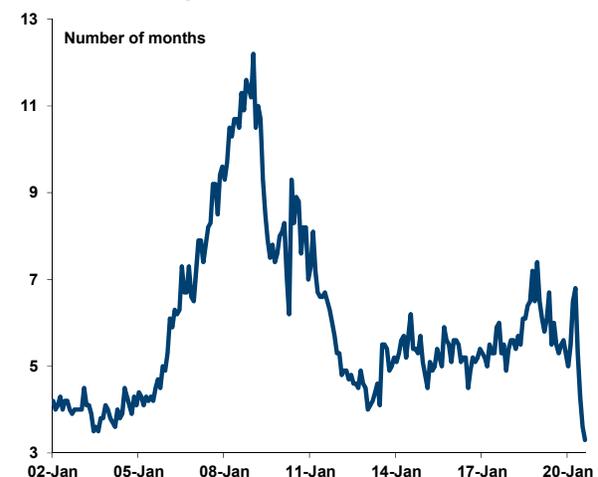
The brisk pace of sales cleared numerous homes from the market, as the number of homes for sale fell for the fifth consecutive month. The drop of 3.1 percent in August matched the average in the prior four months. With inventory down and sales up, the months' supply of homes for sale eased to 3.3 months, down from 3.6 in the prior month and 5.5 before the onset of the pandemic. The latest reading on months' supply represented a record low.

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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