

U.S. Data Review

- New home sales: back-to-back declines

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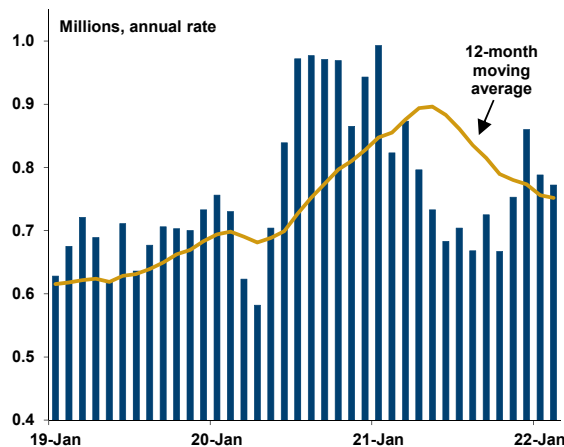
New Home Sales

Sales of new homes slipped 2.0 percent in February to 772,000, a contrast to the expected pickup of 1.1 percent to 810,000. Results in the prior three months were revised 0.5 percent higher on balance (firmer in November and December, but lower in January). The decline marks the second consecutive retreat, cutting short a brief rally in late 2021 and suggesting that elevated prices and higher interest rates weighed on activity in early 2022.

The new level of sales in February was below the elevated readings in the second half of 2020 and first quarter of 2021 (932,000 average per month over the nine-month span), but it was comfortably above all readings in the prior expansion (chart, left).

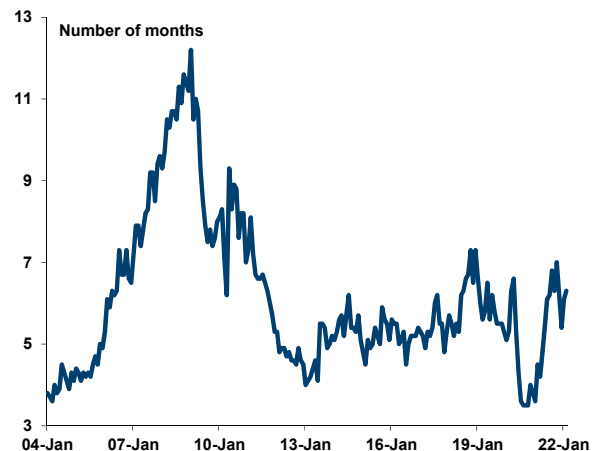
The inventory of new homes available for sale rose 2.3 percent, the 14th increase in the past 16 months (with the other two months registering a miniscule decline and no change). Inventories trail those during the frothy market of the mid-to-late 2000s, but they are elevated from a longer-term perspective. The months' supply of homes available for sale rose to 6.3 months from 6.1, a reading that signals less of a strain than conditions in the market for existing homes (chart, right). (The months' supply of homes for sale in the existing market bounced around a range of 1.6 to 1.7 months in the past three months, readings at the very bottom of the historical range.)

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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