

# U.S. Data Review

- New home sales: pause in recent recovery

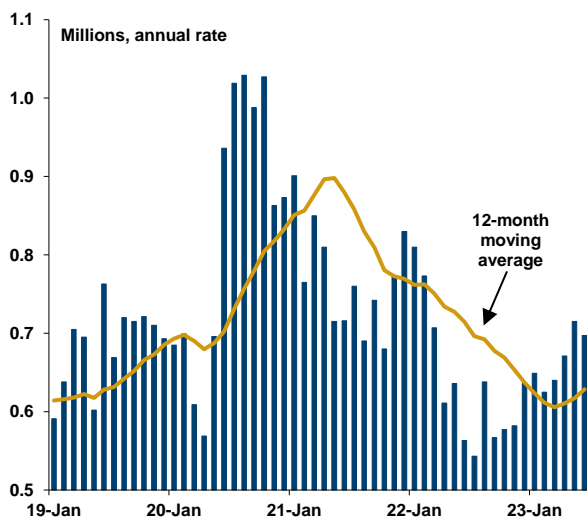
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## New Home Sales

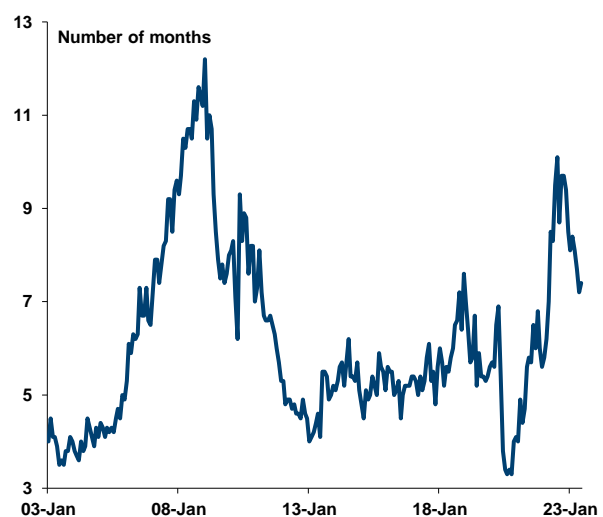
- Sales of new homes fell 2.5 percent in June to 0.697 million units (annual rate), interrupting three consecutive monthly increases. In addition, results in the prior month were revised lower by 6.5 percent (0.715 million, annual rate, versus a preliminary reading of 0.763 million), with the combined readings for May and June suggesting that recent momentum in the market for new homes was perhaps overstated to some degree (chart, left).
- Sales varied across regions, with activity increasing in the Northeast and the South (up 20.6 percent and 4.3 percent, respectively) and falling in the Midwest (-28.4 percent) and the West (-13.9 percent). Sales in the Northeast and South were in the middle of recent ranges but were firm relative to pre-pandemic norms, while those in the Midwest and South were soft from a longer-term perspective.
- The inventory of homes available for sale rose 0.7 percent in June, the first increase in inventories since last October. Even with the recent easing, inventories are elevated, comparable to those when the housing market was undergoing a correction in 2008. The slowing in sales and pickup in inventories both contributed to an increase of 0.2 month in the months' supply of homes available for sale to 7.4 months (chart, right).
- Broadly speaking, today's report solidifies the view that depressed affordability (elevated prices and mortgage interest rates) and tight lending standards are still meaningful constraints on a significant recovery in housing. Additionally, razor-thin inventories in the existing home segment of the housing market are supporting high prices and hampering potential sales. That said, the recent stirring in new home sales (despite the softening in June) and pickup in single-family construction offer some hope of an eventual turn in the market for single-family housing.

### 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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