

U.S. Data Review

- New home sales: pickup from downward-revised pace
- Inventory of unsold homes: elevated from longer-term perspective
- Prices: off recent highs but well-above pre-pandemic norms

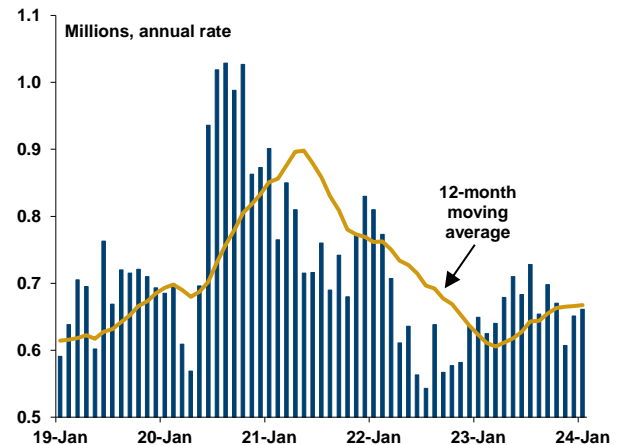
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New Home Sales

- Sales of new homes rose 1.5 percent in January to 0.661 million units (annual rate), below the Bloomberg consensus expectation of a 0.684 million sales pace. Activity had improved through the summer of 2023 (recent high of 0.728 million, annual rate, in July 2023) after falling to a post-pandemic low of 0.543 million in July 2022, but sales have eased since then and they remain well below the expansion peak of 1.029 million in August 2020. In context, the latest reading was within the 2018-19 pre-pandemic range (two-year average of 0.650 million) when the housing market was broadly considered to be on solid footing. Moreover, the current performance is being maintained amid tighter lending conditions and substantially higher mortgage interest rates (low seven-percent area versus rates in the upper three-percent range that prevailed prior to the onset of COVID).
- The inventory of homes available for sale rose 0.9 percent in January to 0.456 million units, the eighth consecutive month of either increasing or steady inventories after declines from November 2022 through May 2023. The latest reading is below the peak of 0.572 million in July 2006 (during the height of the housing bubble), but it is in the upper end of the historical range. Despite increases in both the pace of sales and inventories, the months' supply of homes available for sale held steady at 8.3 months. The latest reading was down from the recent high of 10.1 months in July 2022, but it was still in the upper end of the long-term range.
- Although inventories remained elevated, both the median and average prices of new homes sold increased in January, with the median rising 1.8 percent to \$420,700 and the average jumping 8.3 percent to \$534,300. However, both are off record highs from earlier in the current expansion (\$496,800 median in October 2022 and \$568,700 for the average in December 2022). Higher interest rates have cooled demand, which has led to some moderation in new home prices, but they are still near the top of the historical range and are emblematic of the affordability challenges facing potential homebuyers.

New Home Sales



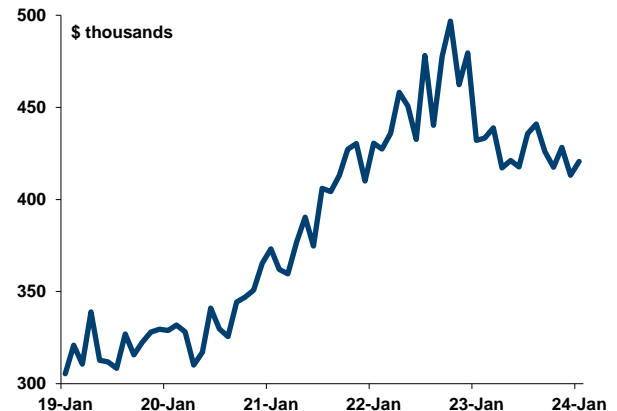
Source: U.S. Census Bureau via Haver Analytics

Months' Supply of Unsold Homes



Source: U.S. Census Bureau via Haver Analytics

New Single-Family Home: Median Sales Price



Source: U.S. Census Bureau via Haver Analytics

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