



## New Home Sales Crush Forecasts, Soaring to 14-Year Highs

Once again new home sales exceeded expectations, **this time by a lot**. Sales of newly built homes rose 4.8 percent in August, to a seasonally adjusted annual rate of 1.011 million. **That puts sales an astounding 43.2 percent higher than they were the previous August.** It was the sixth straight month of rising sales.

After such a string of increases, **analysts had expected sales to pull back a bit.** Those polled by *Econoday* were looking for the number to come in between 820,000 and 950,000 with a consensus of 875,000. Perhaps they would have come up with a better forecast had they known that the July number from the Census Bureau and Department of Housing and Urban Development, would be upgraded substantially. The original estimate of 901,000, was revised to 965,000.

On a non-adjusted basis, sales were unchanged from July at 83,000 units. For the year-to-date there have been 543,000 new homes sold, a 14.9 percent increase from the 472,000 sales over the first eight months of 2019.

At the end of the reporting period there were 282,000 new homes available for sale, down from 291,000 in July. This is estimated as a 3.3-month supply at the current absorption rates compared to 3.6 months in July and 5.5 months in August of 2019. New homes have been on the market for a median of 4.2 months.

Prices have declined on an annual basis. The median price of a home sold in August was \$312,800 and the average was \$369,000. Prices a year earlier were \$317,000 and \$392,700, respectively.

The increase in sales did not impact every region. Two of the four posted declines during the month, but all were higher than in August 2019 by double digits.

Sales in the **Northeast** were up 5.0 percent from July and 27.3 percent higher than the previous August. The **Midwest** saw a month-over-month decline of 21.4 percent but kept a 54.7 percent edge over sales a year earlier.

The **South's** sales rose 13.4 percent and 50.0 percent from the two earlier periods. The **West** had a 1.7 percent monthly decline but an annual increase of 26.5 percent.



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