



New Home Sales Declined in November as Economic Recovery Slows

The Mortgage Bankers Association (MBA) says **applications for new home purchases suffered a significant downturn in November** but remain well above the level of activity at the same time in 2019. MBA's Builder Application Survey (BAS) shows a 16 percent decline in applications from October to November. This does not include any seasonal adjustment. Applications were up 34.7 compared to November 2019.

Based on the applications and other data, MBA estimates new single-family home sales were running at a seasonally adjusted annual rate of 827,000 units during the month, a decrease of 10.8 percent from the October pace of 927,000 units. On an unadjusted basis, MBA estimates that there were 59,000 new home sales in November 2020, down 15.7 percent from 70,000 sales in October.

"November new home sales activity, both mortgage applications and home sales, ran at a pace considerably ahead of 2019, showing the ongoing strong growth in housing demand and new residential construction," said Joel Kan, MBA's Associate Vice President of Economic and Industry Forecasting. "However, MBA estimates that after climbing to a new survey high in October, the seasonally adjusted pace of new home sales declined in November. **Signs of a slowdown in the economic recovery** likely contributed to the expected monthly decrease in activity."

Conventional loans accounted for 71.8 percent of loan applications and FHA loans for 16.8 percent. Just under 1 percent of applications were for RHS/USDA and VA loans had a 10.4 percent share. The average loan size of new homes increased from \$355,684 in October to \$357,554 in November.

MBA's Builder Application Survey tracks application volume from mortgage subsidiaries of home builders across the country. Utilizing this data, as well as data from other sources, MBA provides an early estimate of new home sales volumes at the national, state, and metro level. Official reports of new home sales are provided monthly by the U.S. Census Bureau and the Department of Housing and Urban Development. In that data, new home sales are recorded at contract signing, which is typically coincident with the mortgage application. The report on November new home sales will be released on December 23.



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