



New Home Sales Hit 12 Month Low Despite Higher Inventory

New home sales dropped for the second month in May, falling below an 800,000 unit pace for the first time in a year. The U.S. Census Bureau and the Department of Housing and Urban Development said newly constructed homes sold at a seasonally adjusted annual rate of 769,000 units. This was a **decline of 5.9 percent** from the downwardly revised (from 863,000) rate of 817,000 in April. May sales only outpaced those a year earlier by 9.2 percent, well below the double digit annual increases of the last few months.

The results fell **more than 100,000 units short** of the consensus forecast of analysts polled by Econoday. They had expected sales in the range of 840,000 to 920,000 with a consensus of 881,000 units.

On a non-adjusted basis, sales fell from 75,000 homes to 69,000 month-over-month. For the year-to-date there have been 374,000 homes sold, a 25.7 percent increase from the 297,000 sales completed during the first five months of 2020.

The **inventory** of available homes **grew** from 315,000 to 330,000 nationwide, bringing the available supply to 5.1 months at the current rate of sales. The supply in April was 4.6 months and it was 5.4 months the previous May.

The median price of a home sold during the month was \$374,400, **up 18%** from \$317,100 in May 2020. The average prices for the two periods were \$430,600 and \$368,700, respectively.

Sales in the **northeast** increased 33.3 percent and were 57.6 percent higher than a year earlier. The **Midwest's** rate of sales was unchanged from the prior month but rose 28.4 percent on an annual basis.

There was a 14.5 percent dip in sales from April to May in the **South** but an increase of 3.1 percent year-over-year. Sales in the **West** were 6.7 percent higher than in both April 2021 and May 2020.

Of the 69,000 homes that sold during the month, only 16,000 were ready for occupancy. Twenty-six thousand were sold before construction started and 27,000 were at some point in the construction process.



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