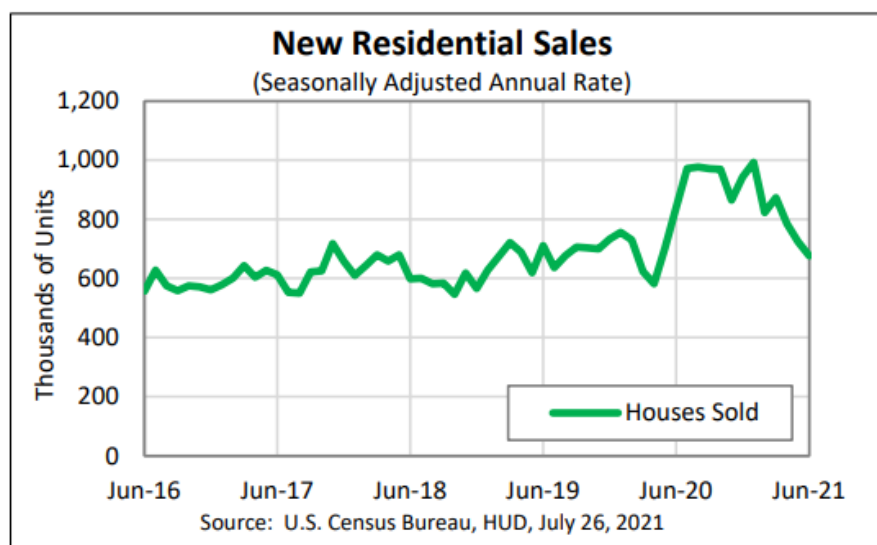




## June New Home Sales Decline 6.6%

In May, the U.S. Census Bureau and Department of Housing and Urban Development reported that the seasonally adjusted annual sales of newly constructed homes had fallen below 800,000 units for the first time in a year, to 769,000 units. In June things only got worse. The report from the two agencies today lowered the May rate to 724,000 and estimates June sales at 676,000 units. **This is a 6.6 percent decline from the revised May figure** and drops sales below those in June 2020 by 19.4 percent.



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**Analysts had expected sales to improve.** Those polled by Reuters, Econoday, and Trading Economics all had a consensus of 800,000 units. Trading Economics said this would have been a 3.5 percent monthly gain.

The Mortgage Bankers Association (MBA), based on their survey of mortgage subsidiaries of major home builders, had projected a much lower rate of sales than had others, but still overshot the mark with a forecast 704,000 units in June. In releasing that number, Joel Kan, MBA's Associate Vice President of Economic and Industry Forecasting noted that last year was the strongest for new home sales in over a decade, but "Homebuilders are encountering stronger headwinds of late, as severe price increases for key building materials, rising regulatory costs, and labor shortages impact their ability to raise production. Additionally, still-low levels of for-sale inventory are also pushing prices higher as competition for available units remains high among prospective buyers."

On a non-adjusted basis there were 60,000 newly constructed homes sold in June compared to 65,000 in May. The June number was also 19,000 lower than sales a year earlier. As a reminder, in June 2020 much of the nation was in the throes of the COVID-19 outbreak.

Given the strong sales in the winter and early spring, year-to-date sales are still running ahead of last year. Sales during the first six months of 2021 total 427,000 units while, during the first half of 2020, the total was 376,000.

If there is a bright spot to the June numbers, it would be a **significant improvement in the inventory of available homes**. There were an estimated 353,000 homes for sale at the end of June compared to 330,000 a month earlier. This is a 6.3-month supply at the current sales rate, up from 5.5 months the previous month and two full months more than in June 2020.

The median sales price of a newly constructed home in June was \$361,800 and the average was \$428,700. The comparable prices in June 2020 were \$341,100 and \$382,200.

The **Midwest** was the only region to post an increase in sales in June, up 5.7 percent from May and 7.0 percent higher year-over-year. Sales fell by 27.9 percent in the **Northeast** and were down 40.4 percent from the prior June. The rate in the **South** was down 7.8 percent and 24.8 percent from the two earlier periods and in the **West** by 5.1 percent and 12.7 percent.