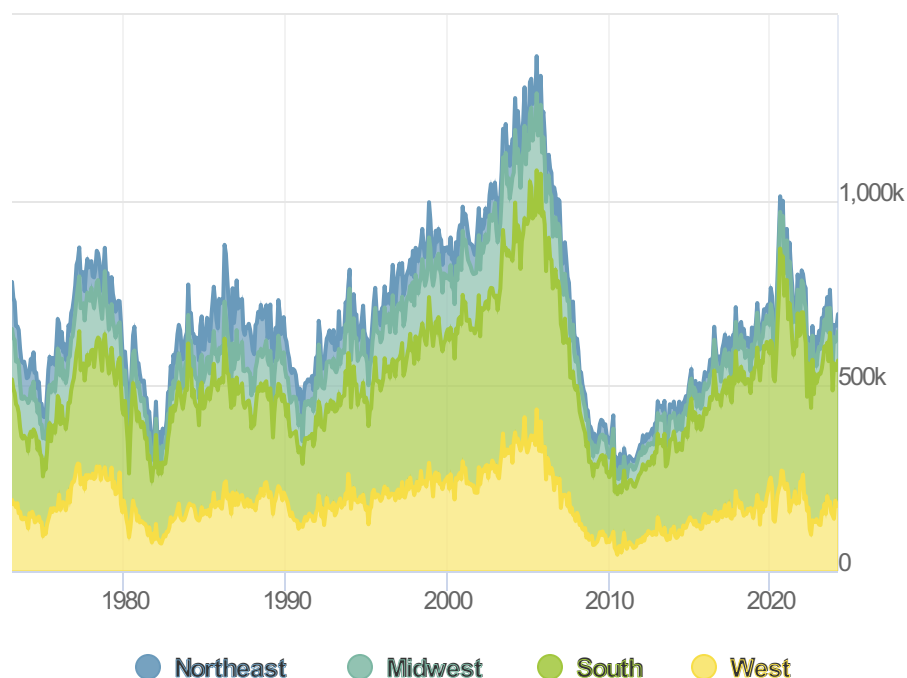




Downward Revision Pushes November New Home Sales Slightly Higher

New home sales in November were a bit of a surprise, but a downward revision to October numbers accounted for much of the unexpected increase. The U.S. Census Bureau and Department of Housing and Urban Development said that sales during the month were at a seasonally adjusted annual rate of 640,000 units. **This was a monthly increase of 5.8 percent**, but October's sales, originally reported at a 632,000-unit rate, were downgraded to 605,000 units. Sales are now down 15.4 percent compared to last year.

New Home Sales



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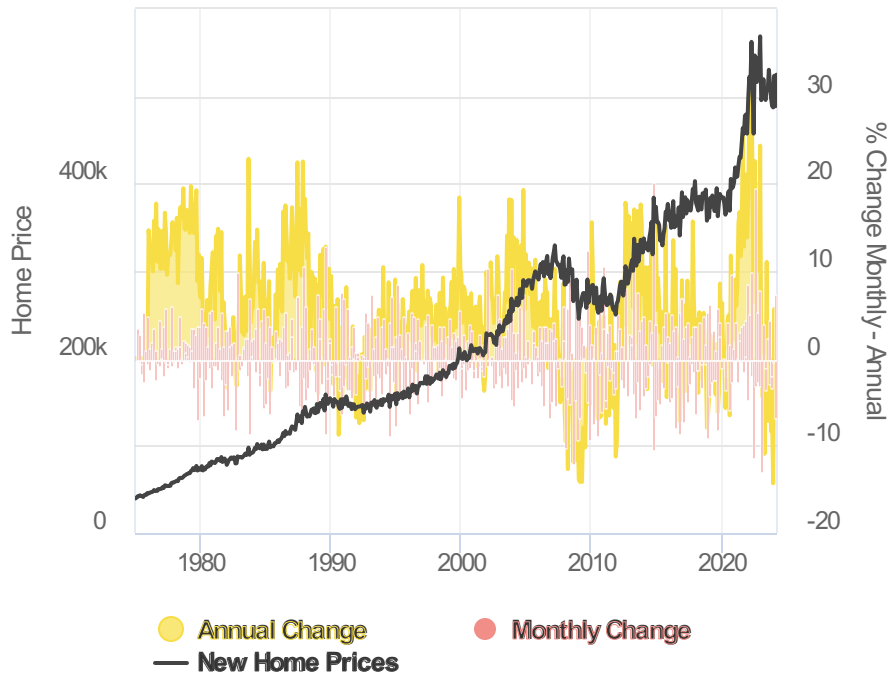


Analysts polled by *Econoday* had expected sales to drop to a 600,000 annual rate. This was identical to the consensus forecast from *Trading Economics*.

On an unadjusted basis, sales increased from the prior month by 1,000 to 46,000 units. During the first 11 months of this year, new home sales totaled 601,000. This is 15.2 percent below the 709,000 sold during the same period last year.

Despite the slowdown in sales, home prices remain near record levels. The median sales price in November was \$471,000 compared to \$430,300 in November of 2021. The average prices for the two periods were \$543,600 and \$498,800, respectively. Both measures hit their peaks in July, with the median at \$478,100 and the average at \$564,900.

New Home Prices - Average



Robert Dietz, chief economist for the National Association of Home Builders said the November bounce in sales was due to moderating interest rates but that “the housing market continues to struggle because of ongoing supply chain disruptions, elevated construction costs, and challenging affordability conditions. **The impact of higher construction costs has made building entry-level homes particularly difficult.** In November 2021, 13 percent of new home sales were priced below \$300,000. That share has now fallen to 7 percent.”

At the end of November, there were 461,000 newly completed homes available for sale. This is estimated to be an 8.6-month supply at the current absorption rate. A year earlier the inventory was 390,000 units, estimated to be sufficient for 6.2 months.

New home sales in the **Northeast** were down 8.5 percent from October but were 26.5 percent higher on an annual basis. In the **Midwest**, sales strengthened by 21.3 percent in one month and 3.6 percent year-over-year.

Sales in the **South** fell 2.1 percent from October and 15.0 percent from a year earlier. The **West** saw 27.6 and 26.6 percent surges from the two earlier periods.