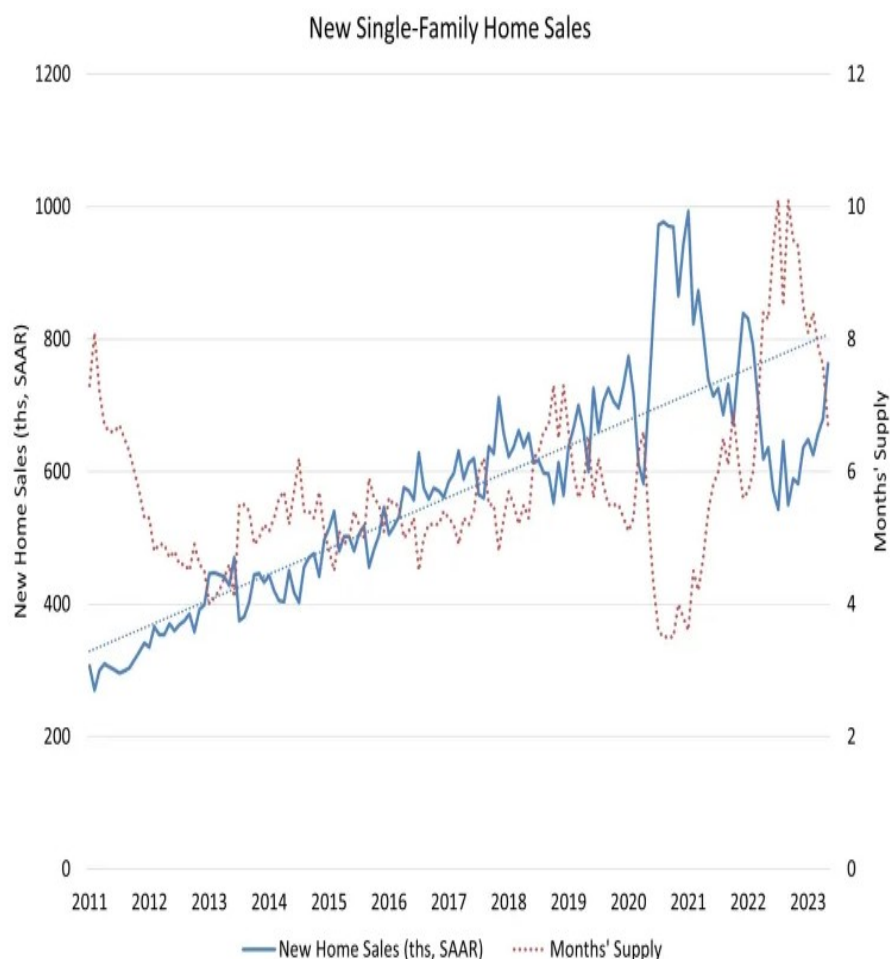




New Home Sales Hit 15-Month High as Prices Dip

Last month's sales of newly constructed single-family homes rose to the **highest level since February 2022**. The report from the U.S. Census Bureau and the Department of Housing and Urban Development put the seasonally adjusted annual rate for May at 763,000 units, an increase of 12.2 percent compared to the April. That rate of 680,000 was revised down from an original estimate of 683,000 units. On a non-adjusted basis, there were 73,000 homes sold during the month, up from 60,000 in April.



Analysts had **expected a much smaller number**. Those polled by *Econoday* had a consensus estimate of 667,000 while Trading Economics had a forecast of 675,000 units.

The increase in sales, however, was a negative for new home inventory. At the end of the reporting period, there were 428,000 homes available for sale, down 4,000 from the prior month. This was a 6.7-month supply at the current sales pace. Only 69,000 of these units are ready for occupancy.

Economist Robert Dietz of the National Association of Home Builders commented, "Demand for new homes is strengthening because of a lack of existing home inventory. There is only a 3-month' supply of existing single-family homes on the market. New home inventory was 31 percent of total inventory in May. Historically it is typically 10 percent to 15 percent. As a result, the **pace of resales is down 20 percent from a year ago**, while the rate of new home sales is up 20 percent from a year ago.



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Thus far in 2023, there have been 308,000 new homes sold, down from 323,000 in the first five months of 2022. This is a decline of 4.7 percent.

There was more good news for potential homebuyers. The median price of homes sold during the month was \$416,300, significantly lower than the \$450,700 in May 2022. The average price fell from \$521,500 to \$487,300.

Dietz continued, “While builders continue to grapple with elevated construction costs, an encouraging sign is a big gain in home sales priced in the \$200,000 to \$300,000 price range. In May 2022, just 5,000 homes sold in this range. That total increased to 12,000 in May 2023.

Sales during the month rose in all four major regions and annual sales were higher in three of them. In the **Northeast**, in fact, they soared 110.5 percent year-over-year and rose 17.6 percent for the month. The **Midwest** saw a monthly increase of 4.1 percent and a 40.0 percent gain compared to the prior May. The **South** saw sales up 11.3 percent for the month and 22.0 percent for the year. While the **West** saw an increase of 17.4 percent from April, annual sales were lower by 0.6 percent.