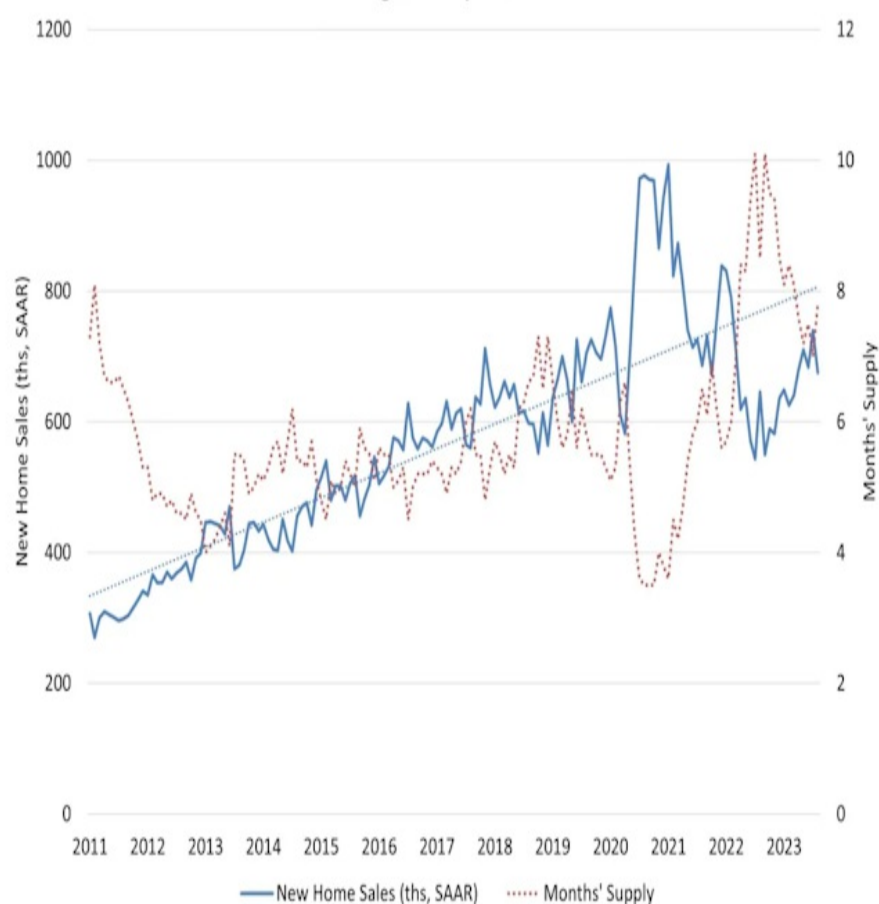




New Home Sales at 5 Month Lows; Still Much Higher Year-Over-Year

August sales of newly constructed single-family homes failed to match the robust numbers from July but were significantly better than those a year earlier. The U.S. Census Bureau and Department of Housing and Urban Development said last month's sales were at a seasonally adjusted annual rate of 675,000, the lowest since March and an 8.7 percent decline from July's revised estimate (from 714,000) of 739,000 units. The August results were 5.8 percent higher than the 638,000-unit rate in August 2022.

New Single-Family Home Sales



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The August results did not meet the consensus estimates from either *Econoday* (699,000 annual units) or *Trading Economics* (700,000).

Robert Dietz, chief economist for the National Association of Home Builders said of the report, "Builders continue to grapple with supply-side concerns in a market with poor levels of housing affordability. Higher interest rates (the average was over 7 percent) price out demand, as seen in August, but also increase the cost of financing for builder and developer loans, adding another hurdle for building."

On an unadjusted basis, there were 54,000 homes sold during the month, down from 61,000 in July. Over the first eight months of 2023, sales of new homes have totaled 474,000 compared to 466,000 at the same point last year.

Sale prices have fallen slightly in the last 12 months. The median price in August was \$430,300, \$10,000 lower year-over-year. The average price has dropped from \$530,800 to \$514,000.

At the end of August there were 436,000 single-family homes available for sale. This is an estimated supply of 7.8 months at the current sales pace. In July there was a 7.0-month inventory and in August 2022 the supply was considered sufficient for 8.7 months.

Sales rose by 6.7 percent for the month and 18.5 percent year-over-year in the Northeast. Monthly sales dropped 17.2 percent in the Midwest while beating the prior August rate by 14.2 percent. Sales in the South were down 7.5 percent and 9.2 percent compared to the two earlier periods and the West's sales improved on the prior month by 1.2 percent but lagged the previous August by 5.2 percent.