



Spring New Home Sales Prove Resilient to Higher Rates

Existing home sales posted strong gains in February while sales of new homes slipped slightly. In March each category switched directions. 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 693,000 compared to 668,000 in February while the National Association of Realtors® (NAR) reported that existing home sales fell from a rate of 4.38 million units the prior month to 4.19 million.

The increase in new home sales put those transactions **up 8.8 percent compared to February and 8.3 percent higher than the March 2023 pace**. Sales of previously owned single-family homes, townhouses, condos, and cooperative apartments were down 4.3 percent and 3.7 percent compared to the two earlier periods.



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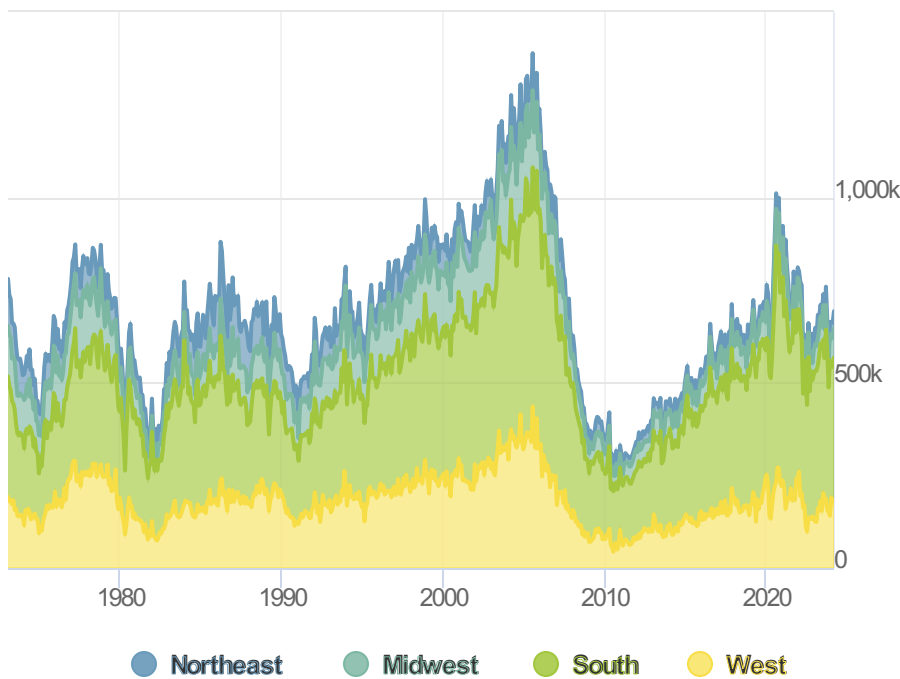
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New Home Sales



Existing single-family home sales also declined 4.3 percent in March to a 3.97-million-unit sales pace while condo and cooperative apartment sales were down 4.9 percent to 390,000 units. Single-family sales were 2.8 percent and multi-family sales were 11.4 percent lower year-over-year.

New home sales rose by 10,000 units from February to 67,000 on a non-seasonally adjusted basis.

Analysts polled by Trading Economics had expected new home sales to remain at February's 668,000 level and had expected a smaller 2.2 percent decline in existing home sales to 4.2 million units.

The inventory of new homes remains healthy with 477,000 unsold homes, an estimated 8.3-month supply at the current rate of sales and a monthly increase of 5.7 percent. The number of existing homes available for sale did increase by 4.7 percent to 1.11 million units but remains anemic at a 3.2-month supply.

The median price of a new home sold during the month was \$430,700 and the average was \$524,800. In March 2023 the relative prices were \$438,900 and \$519,600. The median existing-home price rose 4.8 percent to \$393,500, with the median single-family home priced at \$397,200 and a condo at \$357,400, increases of 4.7 percent and 5.8 percent year-over-year.

New Home Prices - Average



Existing home sales slid in the Midwest, South, and West, but rose in the Northeast for the first time since last November. Year-over-year sales were down in all regions. New home sales were also strongest in the Northeast, up 27.8 percent, and also gained by single-digit percentages in the other three regions. Northeast sales are still down 13.2 percent from the previous March while they rose by 4.5 percent (the South) to 23.4 percent (the Midwest.)

Median existing home prices were also higher on a regional basis, ranging from a 3.4 percent increase in the south to a 9.9 percent gain in the Northeast.

"Though rebounding from cyclical lows, home sales are stuck because interest rates have not made any major moves," said NAR Chief Economist Lawrence Yun. "There are nearly six million more jobs now compared to pre-COVID highs, which suggests more aspiring home buyers exist in the market."