SOLD

Inventories Expand as New Home Sales Fall

May turned out to be a dismal month for home sales. Sales of existing homes dipped a modest 0.7 percent from April, but new home sales fared far worse. The U.S. Census Bureau and Department of Housing and Urban Development report that sales of newly constructed single-family homes were at a seasonally adjusted annual rate of 619,000 units during the month. This is 11.3 percent below the sales level in April and down 16.5 percent compared to May 2023. However, April sales, originally estimated at 634,000 units, was upgraded to 698,000.

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New Home Sales

619 K

Analysts had expected a better performance. Those polled by Econoday had a consensus forecast of 650,000 units.

On a non-adjusted basis, 56,000 homes were sold during the month compared to 62,000 in April.

Inventories continued to improve. At the end of May, there were 481,000 homes available for sale, nearly 13 percent more than a year earlier. The increase in availability is more apparent in the context of current sales. The inventory for May is projected to be a 9.3-month supply at the current sales rate. This is a 14.8 percent increase from April and 34.8 percent from a year earlier.

The median price of a home sold in May was $417,400 compared to $421,200 in May of 2023. The average price rose, however, increasing from $495,800 to $520,000.

May sales fell compared to the previous month in all four regions and rose year-over-year in only one. In the Northeast, sales plummeted 43.8 percent compared to both April and the prior May. Midwest sales were down 8.6 percent for the month but rose 12.2 percent on an annual basis. The South saw decreases of 12.0 percent and 17.7 percent, respectively, from the two earlier periods. Sales slowed by 4.5 percent in the West and were down 20.9 percent from May 2023.

Thus far in 2024, new home sales total 300,000 units. This is identical to sales during the same period in 2023.