

## New Home Sales Drop 10.5%. Should You Care?

The Census Bureau released new home sales data for January this week, and the annual pace was a seemingly significant 10.5% lower than last month's pace. But before you devote even one extra BPM of your heart rate to the news, please look at a longer-term chart of the data in question.



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Home sales are indeed lower versus last month, but caveats abound. First off, last month was revised up from 698k to 734k (annual pace). January's 657k is only 5.9% lower from the unrevised number. It's also good to keep in mind that this data has a notoriously wide margin of error ( $\pm 19.9$  percent in the present case, according to the Census Bureau).

But even if the data was completely error free, the chart continues to tell a story that is far from troubling, even if it's not grounds for unabashed excitement. Simply put, new homes continue to sell at a pace that's very close to recent highs (excluding the frenzied moments from 2020 through early 2022). Current levels are also on the higher end of the pre covid range going back to 2016.

Bottom line, much like home price appreciation, new home sales have been sideways and boring at relatively strong levels.

Full release available from Census Bureau here: <https://www.census.gov/construction/nrs/pdf/newressales.pdf>