

Economics Group

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New Home Sales Surprises to the Upside

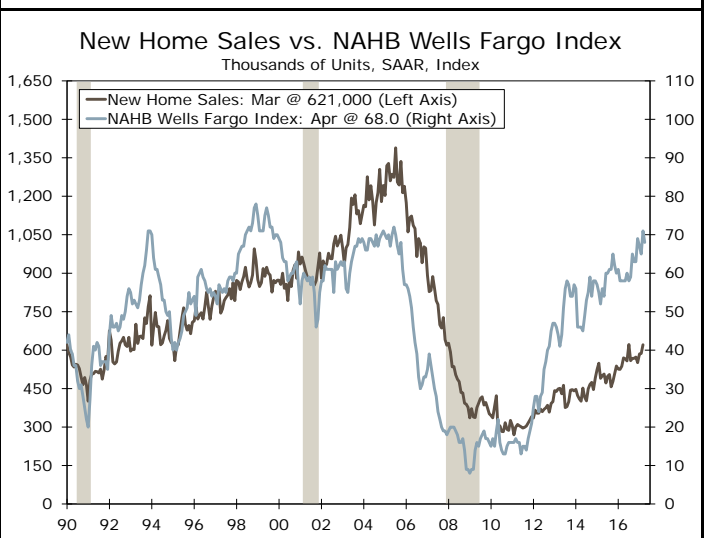
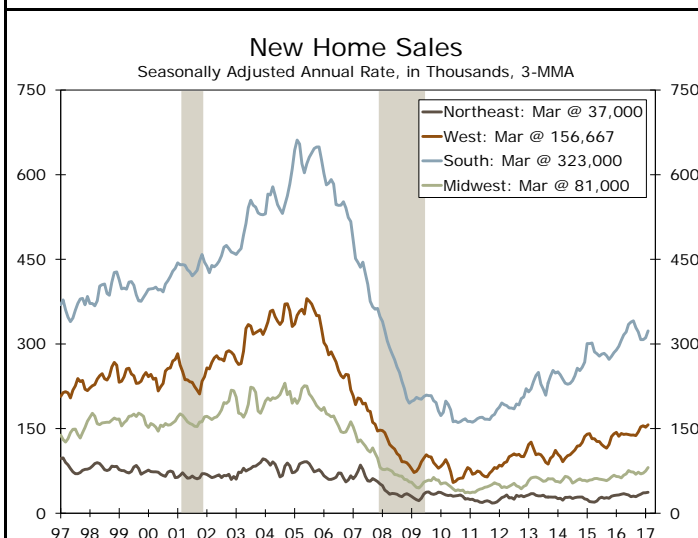
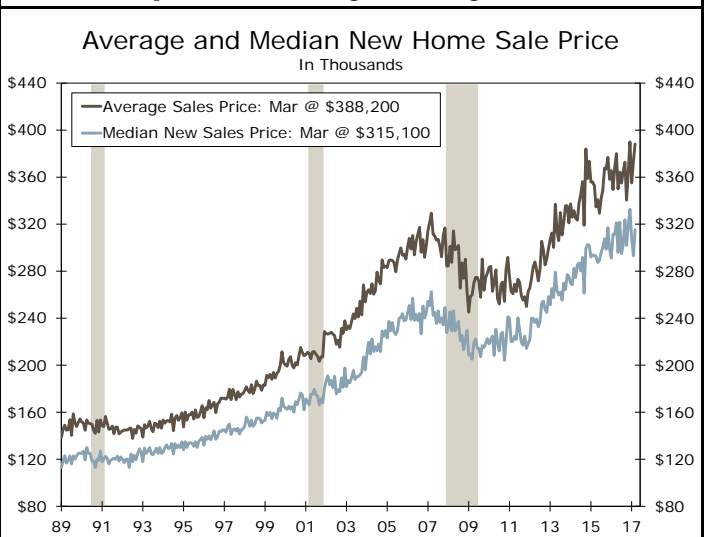
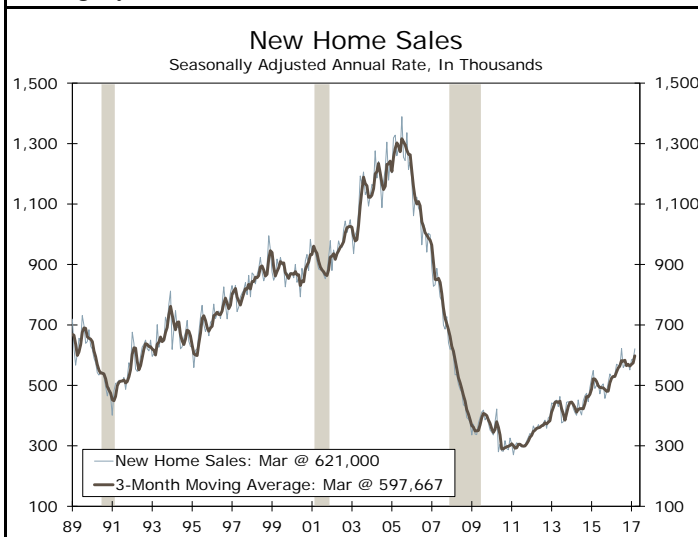
New home sales rose 5.8 percent in March to a 621,000-unit pace, coinciding with strong demand indicated by recent builder sentiment surveys. Revisions to the previous months' data added 43,000-units.

Strong Demand Drives New Home Sales Higher

- New homes sales surged to the second strongest pace of the current cycle, surprising consensus which expected a slight decline. Revisions to past months were substantial, adding a cumulative 43,000 sales over the past three months.
- The return to winter weather did not seem to deter new home buyers in the South, Northeast or West, though sales did slip slightly in the Midwest.

Builder Sentiment Slipped in April from March High

- March's gain in new home sales coincides with a cycle high in the NAHB/Wells Fargo Housing Market Index, which was boosted by strong buyer traffic that month. The index slipped slightly in April but still points to strong new home sales this spring.
- The supply of new homes for sale fell to 5.2 months, while the median sales price of a new home rose 7.5 percent to \$315,100. The rise in prices reflects strength at the high end of the market.



Source: U.S. Department of Commerce, National Association of Home Builders and Wells Fargo Securities

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