



Economics Group

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New Home Sales Rose Modestly in June

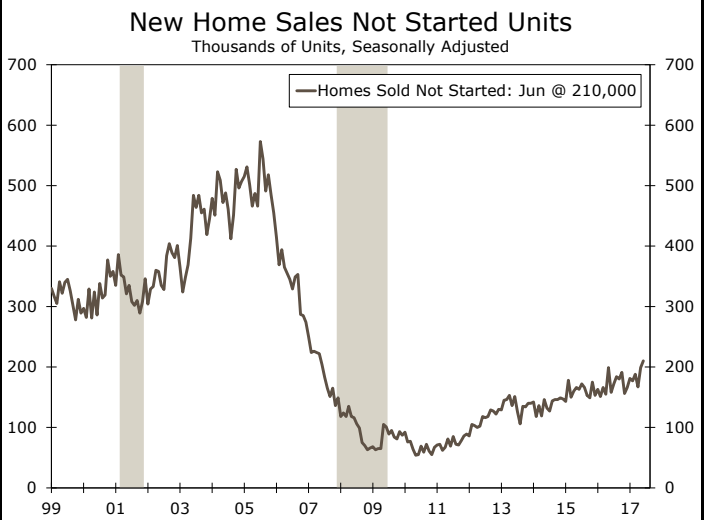
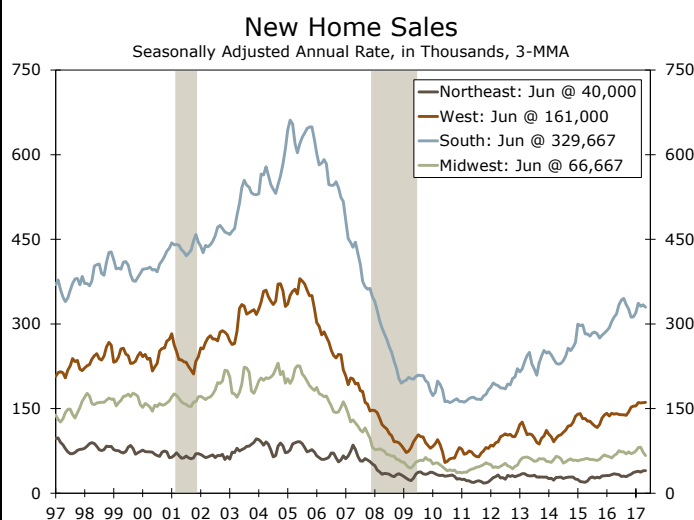
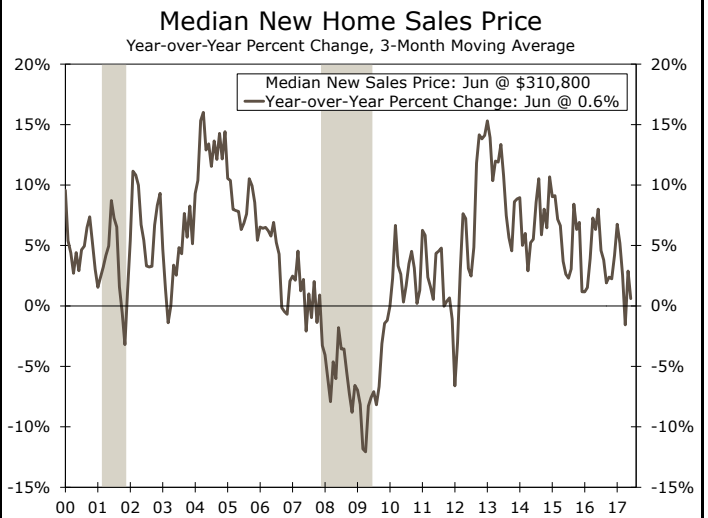
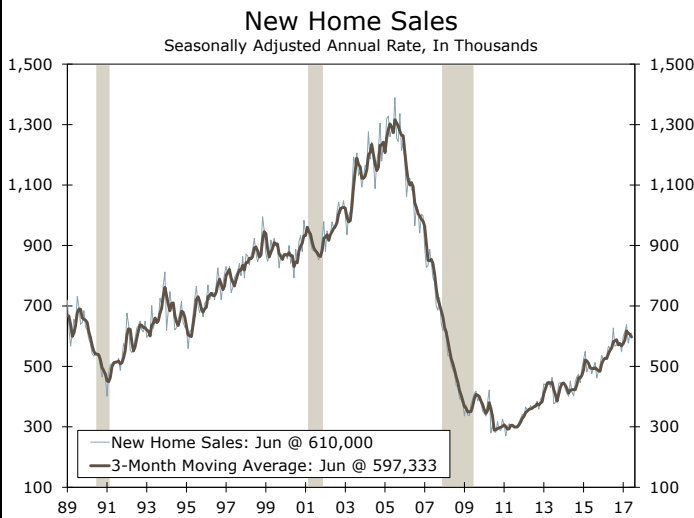
New home sales rose 0.8 percent in June to a 610,000-unit pace. Sales are still constrained by lean inventories but entry-level buyers are increasingly opting for new homes, which is weighing on new home prices.

New Home Sales Continue to Slowly Recover

- New home sales rose 0.8 percent in June to a 610,000-unit pace, following a downward revision to sales during the three previous months totaling 27,000 homes.
- By region, sales rose 12.5 percent in the West and increased 10 percent in the Midwest, but were unchanged in the Northeast and fell 6.1 percent in the South. The West seems to be gaining momentum, reflecting some additional supply.

Median New Home Prices Fell in June

- The median price of a new home fell 4.2 percent in June and is down 3.4 percent year-to-year (prices are still up modestly on a three-month moving average basis). June's drop is due to a shift toward lower priced homes. The shift reflects an influx of first-time buyers and concerted efforts to build lower priced homes.
- Most of the increase in new home sales was for homes that had not been started yet. Sales of completed homes fell in June.



Source: U.S. Department of Commerce and Wells Fargo Securities

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