



# Economics Group

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## New Home Sales Were Incredibly Strong Before the Outbreak

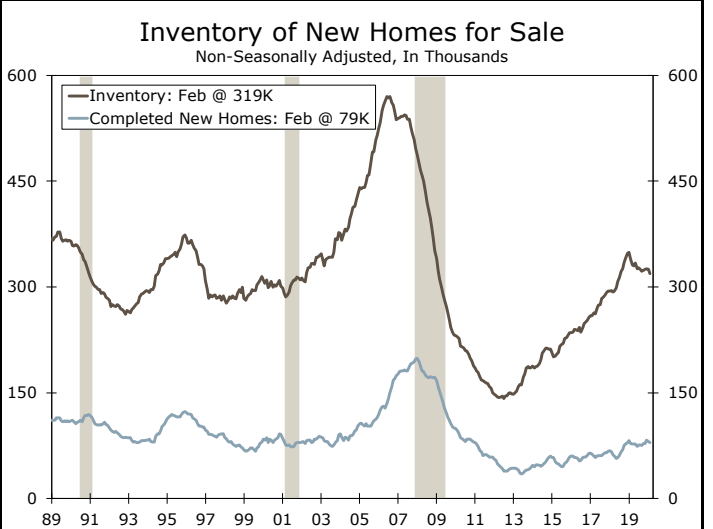
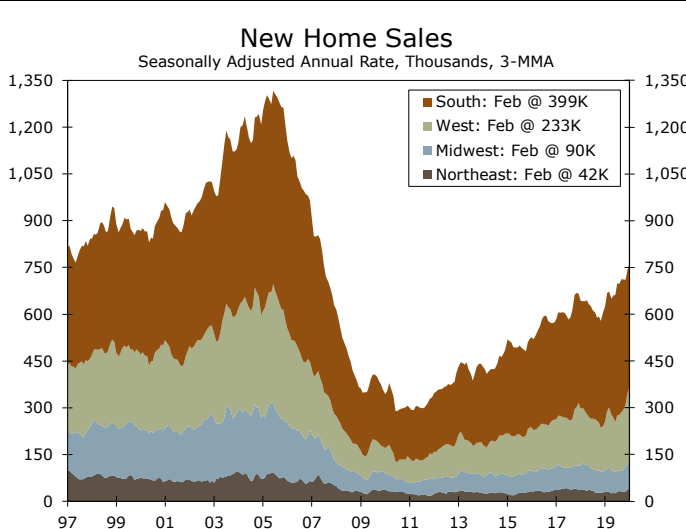
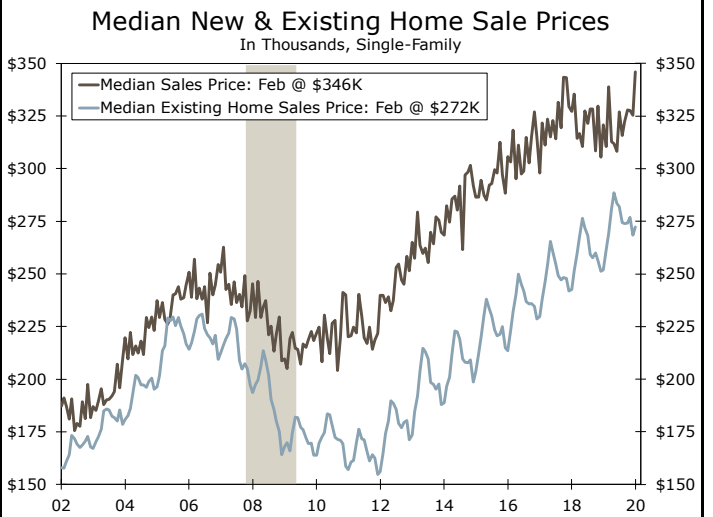
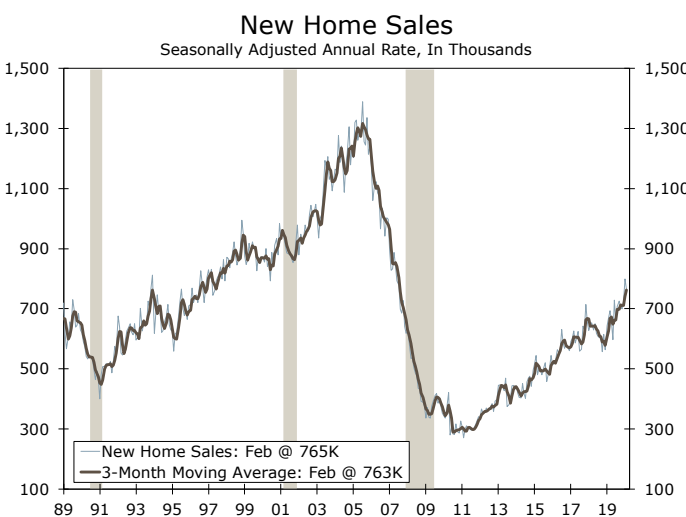
*New home sales fell 4.4% in February, but a huge upward revision to January's data left the pace of sales still slightly above market expectations. Sales were incredibly strong before economic activity ground to a halt.*

### Warmer Weather and Lower Rates Brought Buyers Out

- New home sales got off to a phenomenal start in 2020. The latest data show that sales surged 10.5% in January to an 800,000-unit pace before slipping 4.4% to 765,000 in February.
- Sales have averaged a 763,000-unit pace over the past three months, marking the strongest pace since November 2006. Much of that pick up has been in the inventory-starved West, which has seen sales average a 233,000-unit pace.

### Sales Were Strong Before Activity Shut Down

- The strength in the West and February's 38.9% jump in sales in the Northeast—the two regions with the highest home prices—explain why the median sale price rose 7.8% year-over-year.
- Inventories of new homes remain exceptionally lean, particularly for completed homes. Persistently low inventories, particularly of completed homes, are one reason we believe any downturn in the homebuilding industry will be relatively short.



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

## Wells Fargo Securities Economics Group

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