



# Economics Group

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## New Home Sales Rise Modestly in January

*New home sales rose 3.7 percent in January after a 7.0 percent drop in December. Sales for November and October were revised down, possibly reflecting increased cancellations following the jump in mortgage rates.*

### A Slightly Weaker Trend for New Home Sales

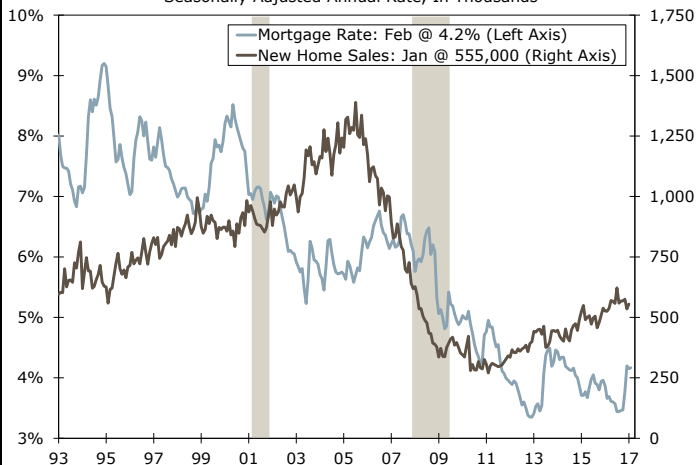
- While new home sales rose in line with expectations, sales were revised down by 27,000 units for the prior three months. The lower sales figures suggest the post-election bump in mortgage rates took a larger bite out of sales, which are purchase contracts, and may have triggered an increase in cancellations.
- With the downward revisions, new home sales now total 561,000 units for 2016, 12 percent higher than the prior year.

### Wet Weather May Be Holding Down Sales in the West

- Sales rose in every region except the West during January. The unusually wet winter may have held back sales in January but sales are still trending higher on 3-month moving average basis.
- The drop in sales in the higher-priced West, combined with gains in the South and Midwest, helped moderate the rise in average and median new home prices. The average price has fallen 1.3 percent since last January while the median is up 7.5 percent.

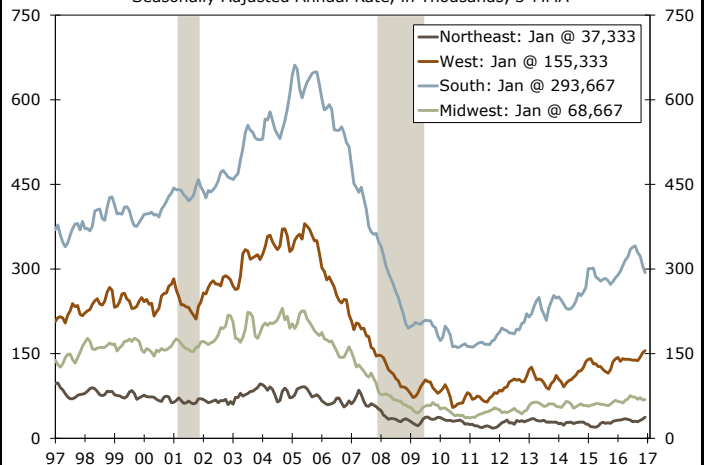
**New Home Sales vs. Mortgage Rates**

Seasonally Adjusted Annual Rate, In Thousands



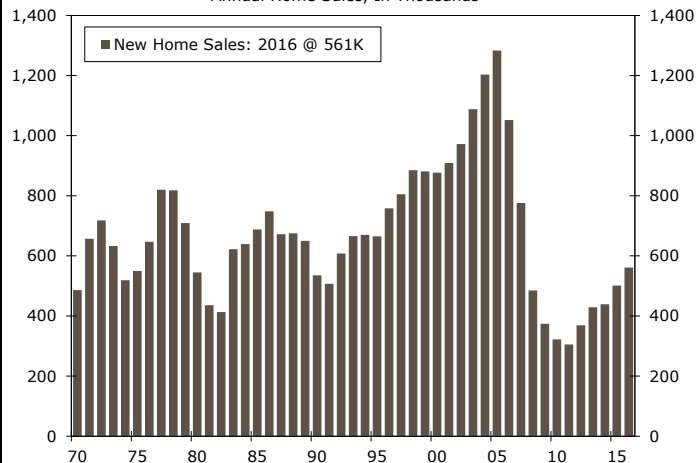
**New Home Sales**

Seasonally Adjusted Annual Rate, in Thousands, 3-MMA



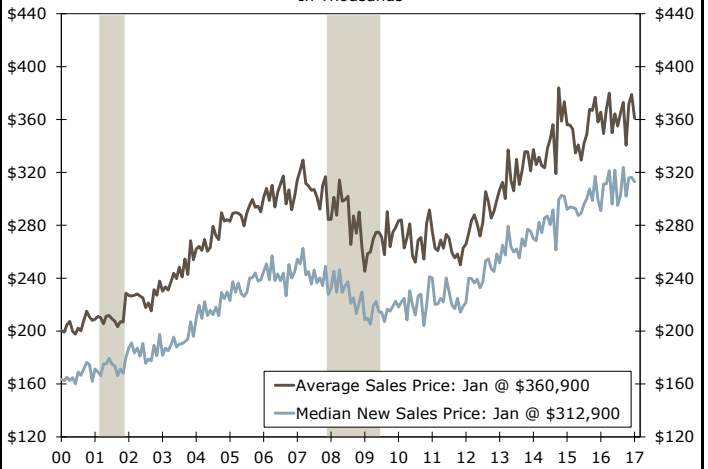
**New Home Sales**

Annual Home Sales, In Thousands



**Average and Median New Home Sale Price**

In Thousands



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

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