

US New Home Sales Soar As Prices Slashed

New home sales, 000s seasonally adjusted at an annualized rate, Nov:

Actual: 657

Consensus: 570

Scotia: 566

Prior: 562 (revised up from 544)

- New home sales rose to the highest level since last March and smashed consensus expectations, but it took a sharp drop in prices to bring buyers back. That clearly dented margins but depicts flexibility to counter pressures upon affordability. Price reductions and recently declining mortgage rates could combined with solid job gains and the strongest wage gains over the cycle to date to stabilize housing.
- Sales jumped 16.9% m/m after a decline of half that percentage the month before. Sales rebounded by much more than just a reversal of prior weakness.
- Sales jumped across most regions. Northeast sales doubled, sales in the south jumped to 374k from 310k, and sales in the Midwest climbed to 77k from 59k. Sales in the west fell to 160k (170k prior).
- Median prices fell by 11.9% y/y with the mean price down 6.7% y/y.
- Months' supply fell to six months after it had jumped to the highest level since 2011 over prior months. Builders slashed prices to clear out housing inventories and they have more work to do in that regard.

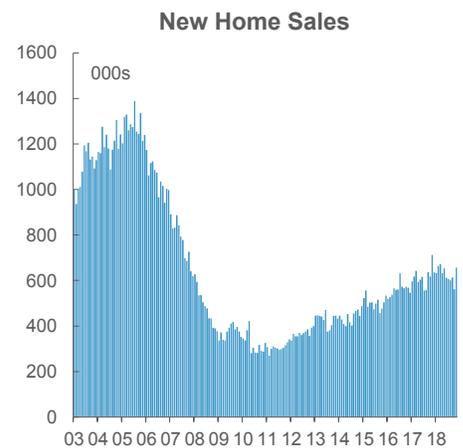
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Sources: Scotiabank Economics,
US Census Bureau.

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