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New Home Sales Drop Sharply; Near 2 Year Lows

New home sales managed to pull out a gain last time they were reported. The question was, with an improving inventory but rising interest rates, **could they do it again?** Analysts were pessimistic, but not quite pessimistic enough.

Sales of newly constructed homes fell in September by **5.5 percent** to a seasonally adjusted annual rate of 553,000. **Even worse news**, the August increase evaporated. Those sales were revised down from 629,000 to 585,000. With those losses, sales fell behind September 2017 by 13.2 percent and May remains the last month when sales increased.

Analysts polled by *Econoday* had expected the Census Bureau to report around 625,000 annual sales with a range of 610,000 to 640,000. *Econoday* also noted that they have seen signs of price discounting on the part of builders.

There were 41,000 newly constructed homes sold during the month on an unadjusted basis compared to 46,000 in August. There were 485,000 homes sold during 2018 through the end of September, a 3.5 percent improvement over the 469,000 sold during the same period in 2017.

The **median price** of a home sold during the month was \$320,000 and the average was \$377,200. The sales prices in September 2017 were \$331,500 and \$379,300 respectively.

At the end of the reporting period there were an estimated 327,000 new homes available for sale. This is a **7.1 month supply** at the current rate of sales, **up from 6.5 months** in August. Marketing time for a completed home was a median of 2.9 months for the second month in a row.

Sales of newly constructed homes in the Northeast plummeted 40.6 percent and are now 51.3 percent lower on an annual basis. The Midwest was the sole region where sales increased, up 6.9 percent from August and 4.1 percent higher than a year earlier. The South had a 1.5 percent decline in sales for the month and sales are lagging last year by 11.4 percent. Sales in the West dropped by 12.0 percent and 15.8 percent compared to the two earlier periods.

National Average Mortgage Rates



	Rate	Change	Points
Mortgage News Daily			
30 Yr. Fixed	7.37%	-0.04	0.00
15 Yr. Fixed	6.82%	-0.02	0.00
30 Yr. FHA	6.82%	-0.06	0.00
30 Yr. Jumbo	7.55%	-0.05	0.00
5/1 ARM	7.42%	-0.08	0.00

Freddie Mac

30 Yr. Fixed	7.22%	-0.22	0.00
15 Yr. Fixed	6.47%	-0.29	0.00

Mortgage Bankers Assoc.

30 Yr. Fixed	7.24%	+0.11	0.66
15 Yr. Fixed	6.75%	+0.11	0.64
30 Yr. FHA	7.01%	+0.11	0.94
30 Yr. Jumbo	7.45%	+0.05	0.56
5/1 ARM	6.64%	+0.12	0.87

Rates as of: 5/2

Recent Housing Data

		Value	Change
Mortgage Apps	Apr 24	196.7	-2.67%
Building Permits	Mar	1.46M	-3.95%
Housing Starts	Mar	1.32M	-13.15%
New Home Sales	Mar	693K	+4.68%
Pending Home Sales	Feb	75.6	+1.75%
Existing Home Sales	Feb	3.97M	-0.75%

		Value	Change
Builder Confidence	Mar	51	+6.25%