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New Home Sales Steamroll Over Expectations

It wasn't supposed to happen after the banner month for new home sales in September, but sales of those homes **rose significantly again** in October, jumping 6.2 percent to a seasonally adjusted annual rate of 685,000 units. The seasonally adjusted results for September were the highest in 10 years, and the percentage gain over August, 18.9 percent, was the largest in nearly three decades. The back-to-back increases more than compensate for a somewhat lackluster summer, and put sales 18.7 percent above the 577,000-unit rate in October 2016. The original estimate for September of 667,000 was revised down to 645,000, but remained the highest thus far in 2017.

Prior to the release of the joint report from the U.S. Census Bureau and the Department of Housing and Urban Development, *Econoday* said, "A big step back in October wouldn't be a surprise, and given the strength of September, wouldn't necessarily dim what is an increasingly positive outlook for the housing sector." Analysts polled by the website had expected sales at an annual rate of 620,000. The results were well outside of the range of their estimates, 600,000 to 650,000 units.

On a non-adjusted basis there were 55,000 newly constructed homes sold during the month. Sales in September were estimated at 50,000.

The median price of a home sold in October was $312,800 compared to $302,800 a year earlier. The average sale price was $400,200, up from $352,200.

At the end of the reporting period there were an estimated 282,000 new homes available for sale. Production however is **not keeping up with demand**; those units represent a 4.9-month supply at the current rate of absorption, down from 5.2 months in September. Homes were on the market a median of 3.2 months after completion.

Sales in the **Northeast** rose 30.2 percent from September and were 64.7 percent higher than the previous October. The **Midwest** saw an increase of 17.9 percent for the month and 16.2 percent year-over-year.

The **South** posted a 1.3 percent gain month-over-month and sales were 14.0 percent higher on an annual basis. In the **West** sales were up 6.4 percent and 20.1 percent from the two earlier periods.

National Average Mortgage Rates



Mortgage News Daily	Rate	Change	Points
30YR Fixed	7.30%	+0.03	0.00
15YR Fixed	6.91%	-0.01	0.00
30YR FHA	6.95%	+0.04	0.00
30YR Jumbo	7.45%	-0.07	0.00
7/6 SOFR	6.71%	+0.01	0.00
30YR VA	6.97%	+0.05	0.00

Rates as of: 11/3

Recent Housing Data

		Value	Change
Mortgage Apps	Oct 21	195	+3.39%
Building Permits	Sep	1.4M	+0.43%
Housing Starts	Sep	1.22M	-4.24%
New Home Sales	Sep	676K	-1.17%
Pending Home Sales	Aug	71.2	0%
Existing Home Sales	Oct	3.99M	+0.25%
Builder Confidence	Oct	29	-9.38%

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