

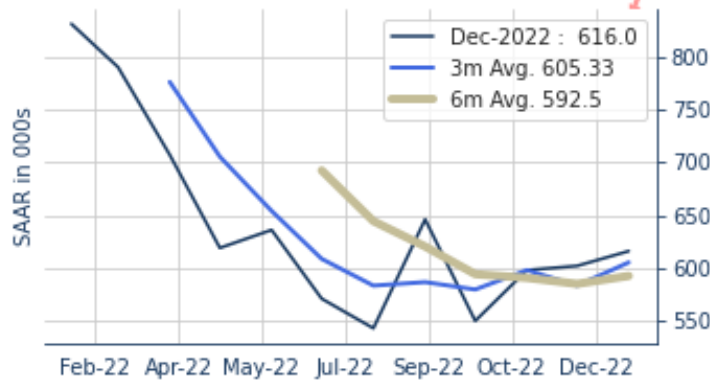
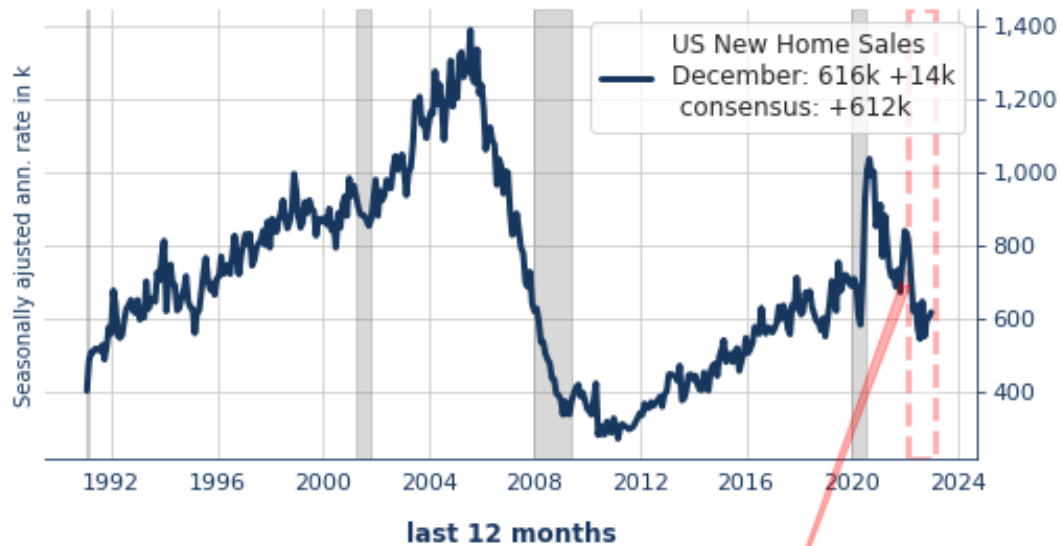
26.Jan.2023

## **New Home Sales: Rebalancing Act**

**Bottom Line:** New home sales in December were slightly better than expected, but there were negative revisions to previously reported data, leaving sales near levels seen in the two years prior to the pandemic. Unlike in the existing home sales market, where inventories remain historically low, new home inventories were back to levels only seen during the housing boom before the financial crisis. That said, the last few months have seen new home inventories stabilize after it took several months for builders to react to slower demand. Prices for new homes were off their record highs in the second half of 2022 but were still historically elevated and not in any clear downtrend. **Overall, the new home market appears to be finding a bottom for now as markets rebalance to lower demand in the new higher mortgage rate regime. Residential investment will likely remain a drag on growth in the 1st Half of 2023, but its negative impact should be more muted.**

## US New Home Sales

**December: 616k +14k**  
**consensus: +612k**



Contingent Macro Advisors 2023 source: US Census Bureau

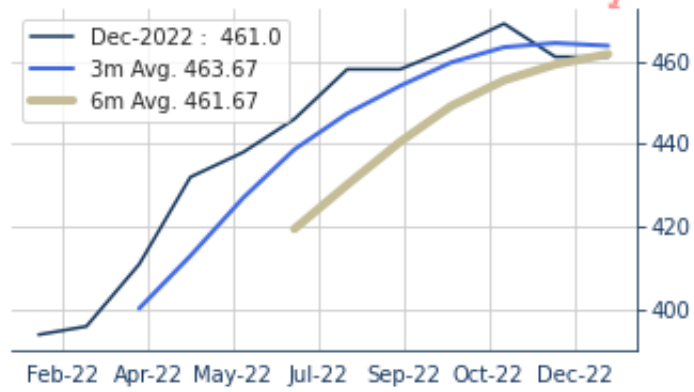
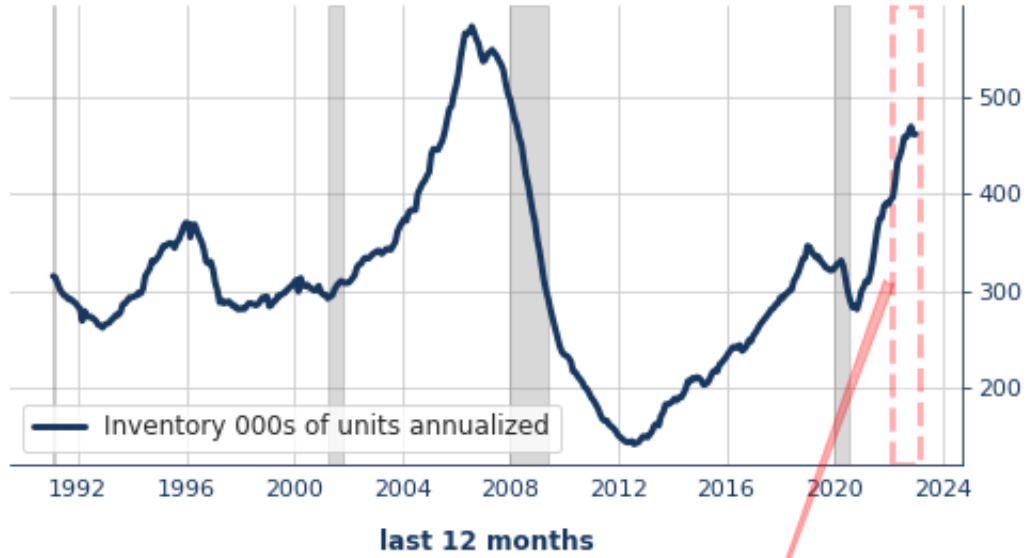
**New Home Sales** ROSE by 2.3% to 616k, after the prior month was revised higher to 642k. This compared with market expectations for a decline to 612k, from the unrevised November level of 640k. **Sales are now 26.6% BELOW their year-ago level.**

**The Inventory of Homes Available for Sale** was UNCHANGED at 461k. Inventories are now 18.5% ABOVE their year-ago.

Combined with the increase in sales, the **Months' Supply** dropped to 9.0 months from 9.2 months. This is modestly ABOVE a normal level of 6.0 months.

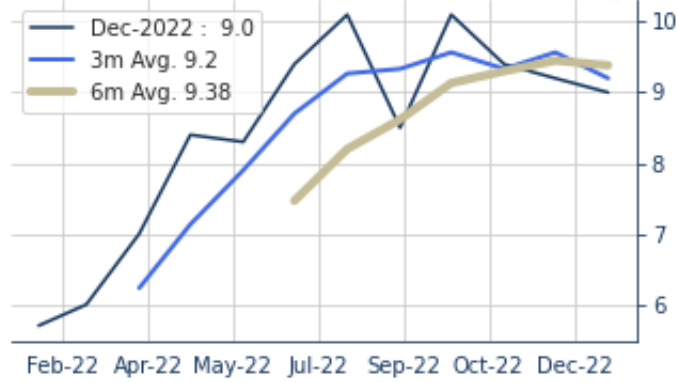
**Home Prices** ROSE with median prices 7.8% ABOVE their year-ago level and with average prices 7.6% ABOVE their year-ago level.

## New Home Sales - Inventory



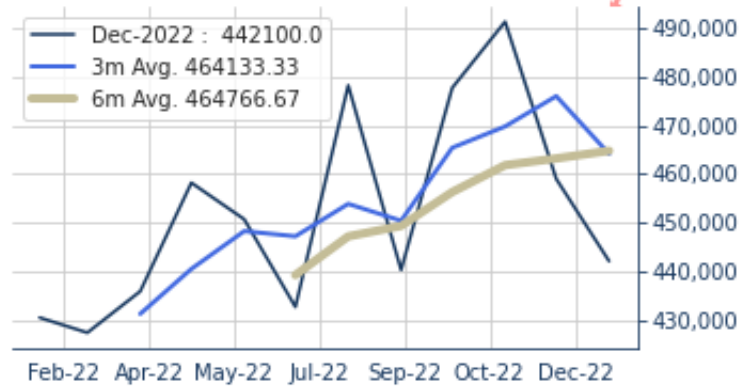
Contingent Macro Advisors 2023 source: US Census Bureau

# New Home Sales - Months Supply



Contingent Macro Advisors 2023 source: US Census Bureau

## New Home Sales - Median Price



Contingent Macro Advisors 2023 source: US Census Bureau

US New Home Sales	Dec-2022	Nov-2022	Oct-2022	Sep-2022	3-mo. Avg.	6-mo. Avg.	12-mo. Avg.	2021 Avg.	2020 Avg.	60-mo. Avg.
<b>New Home Sales</b>	<b>616.0</b>	<b>602.0</b>	<b>598.0</b>	<b>550.0</b>	<b>605.3</b>	<b>592.5</b>	<b>642.4</b>	<b>769.4</b>	<b>831.2</b>	<b>708.0</b>
<b>New Home Sales - % Chg.</b>	<b>2.3</b>	<b>0.7</b>	<b>8.7</b>	<b>-14.9</b>						
Inventory	461.0	461.0	469.0	463.0	463.7	461.7	440.6	349.4	304.1	347.6
Inventory - % Chg.	0.0	-1.7	1.3	1.1						
Months Supply	9.0	9.2	9.4	10.1	9.2	9.4	8.4	5.5	4.6	6.1
Months Supply Chg.	-0.2	-0.2	-0.7	1.6						
Median Price in \$k	442.1	459.0	491.3	477.7	464.1	464.8	452.0	394.0	335.0	364.7
Median Price - % Chg.	-3.7	-6.6	2.8	8.5						
Avg. Price in \$k	528.4	528.6	538.4	530.1	531.8	536.9	526.0	452.8	385.0	424.0

Avg. Price - % Chg.	-0.0	-1.8	1.6	-0.1						
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source: Census Bureau