

Applications Hint at Strong June New Home Sales

By: Jann Swanson | Thu, Jul 16 2015, 9:54 AM

Applications for mortgages to purchase **newly constructed** homes rose again in June and the Mortgage Bankers Association (MBA) said this bodes well for a substantial increase in the sales themselves.

MBA's Builder Application Survey (BAS), conducted among mortgage subsidiaries of home builders, increased by 1 percent from May, a number that is not seasonally adjusted. From that data, as well as assumptions regarding market coverage and other factors, MBA estimates that new single-family home sales were at a seasonally adjusted annual rate of 496,000 units during the month. This is an **increase of 8.1 percent** from the MBA May estimate of 459,000 units. On an unadjusted basis, the MBA estimates that there were 45,000 new home sales in June 2015, unchanged from May.

"As house prices continue to recover, mortgage applications for the purchase of newly constructed homes increased slightly in June. Application activity in June was slightly higher compared to the past two years, leading us to estimate that new homes sales increased 8 percent from May on a seasonally adjusted annual basis," said Lynn Fisher, MBA's Vice President of Research and Economics.

Conventional loans received **67.2 percent** of loan applications, FHA loans 9.6 percent, VA loans 12.2 percent, and RHS/USDA loans 1.0 percent. The **average loan size** of new homes increased from \$320,744 in May to \$321,678 in June.

The MBA uses application volume information from the BAS as well as data from other sources to provide an early estimate of new home sales volumes at the national, state, and metro level. Official new home sales estimates are conducted by the Census Bureau on a monthly basis. In that data, new home sales are recorded at contract signing, which is typically coincident with the mortgage application. June new home sales numbers will be issued by the Bureau on July 24.

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