

Lower Priced Homes Driving New Home Sales

By: Jann Swanson | Fri, Sep 14 2018, 11:19 AM

While applications for financing new home purchases declined in August, the Mortgage Bankers Association (MBA) is **predicting a bump in the month's new home sales**. The MBA's Builder Applications Survey (BAS) data for August show mortgage applications for new home purchases decreased 2.0 percent from applications in July and were down 4.6 percent compared to August 2017. This change does not include any adjustment for typical seasonal patterns.

Based on the information from the BAS as well as assumptions regarding market coverage and other factors, MBA estimates new single-family home sales were running at a seasonally adjusted annual rate of 669,000 units during the month. This is a 5.0 percent improvement over the July pace of 637,000. The MBA estimates that 53,000 new homes sold during the month on an unadjusted basis.

"Our seasonally-adjusted estimate of new home sales **increased five percent over the month**, the second straight monthly increase. Low inventory of homes for sale has been an issue this year, and newly constructed units have been one way to ease the shortage. Growth in August was focused in the lower price tiers. In fact, for the first time in four months, monthly growth was driven by the lower half of the market, based on application size," said Joel Kan, MBA Associate Vice President of Economic and Industry Forecasting.

Applications for conventional loans composed 71.4 percent of the total received and **15.6 percent were for FHA-backed mortgages**. **VA** loans accounted for 11.8 percent and **RHS/USDA** loans for 1.2 percent. The average loan size of new homes decreased from \$337,775 in July to \$332,801 in August.

MBA's Builder Application Survey tracks application volume from mortgage subsidiaries of home builders across the country and uses the data 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 and the Department of Housing and Urban Development on a monthly basis. In that data, new home sales are recorded at contract signing, which is typically coincident with the mortgage application. The official sales report for August will be released on September 26.

View this Article: <https://www.mortgagenewsdaily.com/news/09142018-mba-new-home-sales>