

# New Home Sales Post First Gains Since March

By: Jann Swanson | Tue, Aug 24 2021, 11:00 AM

New home sales recovered slightly in July after two months which saw the annual rate of sales dip by an aggregate of more than 100,000 units. The U.S. Census Bureau and Department of Housing and Urban Development say sales in August were at a seasonally adjusted annual rate of 708,000 units **and June sales were higher than originally reported**. Last month's estimate of a 676,000 unit annual rate was revised to 701,000. This makes the July number a 1.0 percent month-over-month gain, the first since March. Sales in July lagged the rate in July 2020 of 972,000 units, a -27.2 percent change.

A slight increase in sales had been expected. Analysts polled by Trading Economics and by Econoday had each reached a consensus estimate of a 700,000 unit annual rate.

The South and West regions each posted increases from June, but it wasn't enough to offset some serious declines in the other two regions. All four regions remained behind the rate a year earlier by double digit percentages.

On a non-adjusted basis there were 63,000 homes sold during the month, the same number as in June, but 22,000 fewer than were sold a year earlier. For the year-to-date there have been a total of 493,000 new homes sold compared to 461,000 during the first seven months of 2020.

There was **further growth in the supply of available homes for sale**. There were 367,000 newly constructed homes available at the end of July, up from 348,000 in June and 302,000 at the end of January, the last month when sales topped 900,000. The current supply is said to be sufficient for 6.2 months at the current sales rate, up from 6.0 months at the end of June and 3.5 months in January. However, of the current inventory, only 36,000 homes are ready for occupancy. Construction has not yet begun on another 105,000 units.

The median price of a home sold in July was \$390,500 and the average was \$446,000. A year earlier the comparable numbers were \$329,800 and \$379,100.

Sales in the **Northeast** fell 24.1 percent compared to June and 47.6 percent year-over-year and in the **Midwest** the new home sales rate was down 20.2 percent and 44.1 percent from the two earlier periods.

Sales ticked up 1.3 percent in the **South** but remained 28.4 percent below the regional level in July 2020. The **West** saw growth of 14.4 percent but also lagged year earlier numbers by 11.9 percent.

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