



Economics Group

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New Home Sales Surge in July

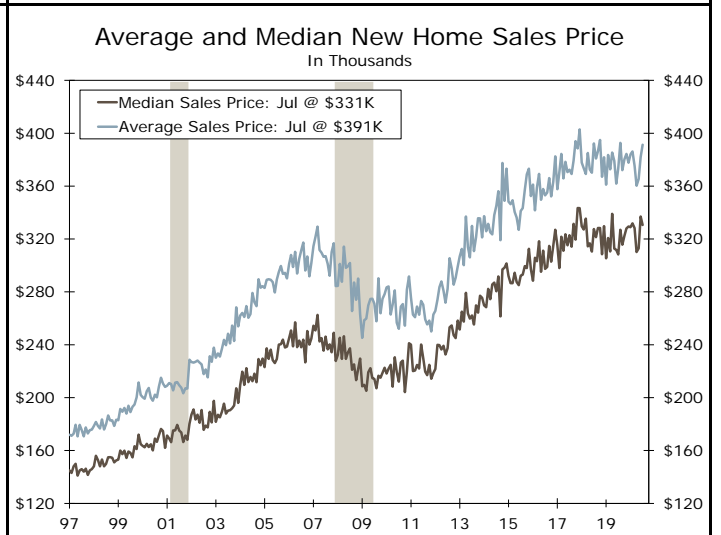
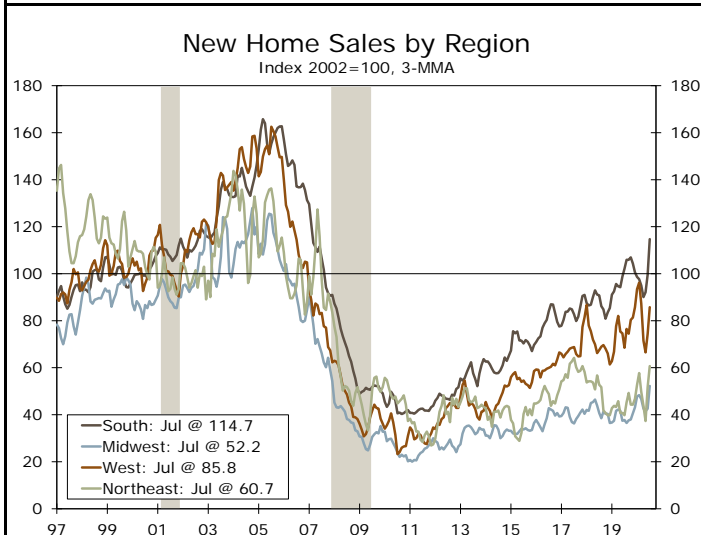
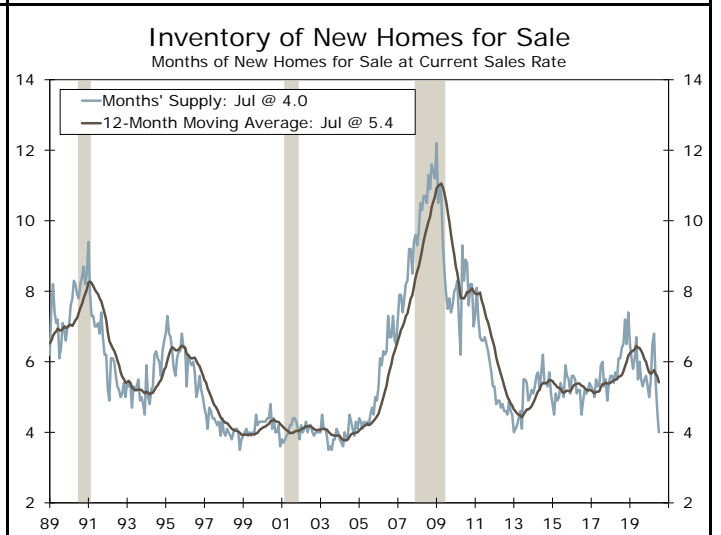
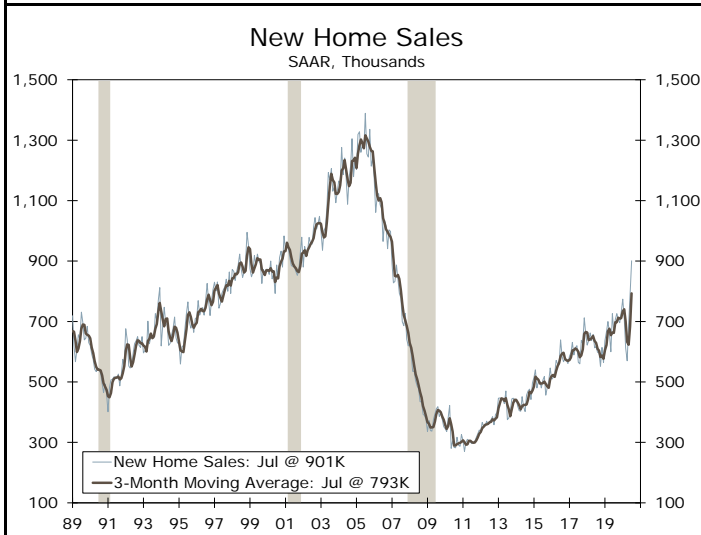
New home sales handily topped expectations during July, surging 13.9% to a 901,000-unit annual rate. The surge in new home sales coincides with a sharp rise builder confidence. Sales surged in more affordable areas.

Another Strong Housing Report

- New home sales handily topped optimistic expectations, with overall sales rising 13.9% to a 901,000-unit pace, following a 15.1% jump the prior month.
- Sales surged 58.8% in the Midwest but fell 23.1% in the Northeast. The two regions are fairly small new home markets, accounting for just 16.4% of U.S. new home sales. Small actual changes often lead to outsized seasonally adjusted changes.

In A Pandemic, There is No Place Like Home

- With so many people working from home, going to school from home or simply confined to their home, there appears to be a shift from higher-price rental housing toward homeownership. The shift comes at a time when inventories of new homes are near record lows, prompting strong gains in residential development.
- The median price of a new home jumped 7.2% over the past year. The gain reflects lean inventories and higher construction cost.



Source: U.S. Department of Commerce and Wells Fargo Securities

Wells Fargo Securities Economics Group

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