NEW HOME SALES – NOVEMBER 2016

The latest joint report from the U.S. Census Bureau and the U.S. Department of Housing and Urban Development shows that new single-family home sales in November increased 5.2% on a seasonally adjusted basis following a 1.4% decrease (revised from 1.9%) in October. Year-on-year, new single-family home sales rose 16.5%. Data below reflects significant regional variation in housing market activity.

On an annualized basis, 592,000 new homes were sold in November. Revision to the number of homes sold in October was not indicated in the November report, but September homes sold was revised from 571,000 to 574,000 units. The median new single-family home sales price in November was $305,500, up from the $304,500 median price in October. The number of new homes for sale increased 1.6% in November, according to the report.

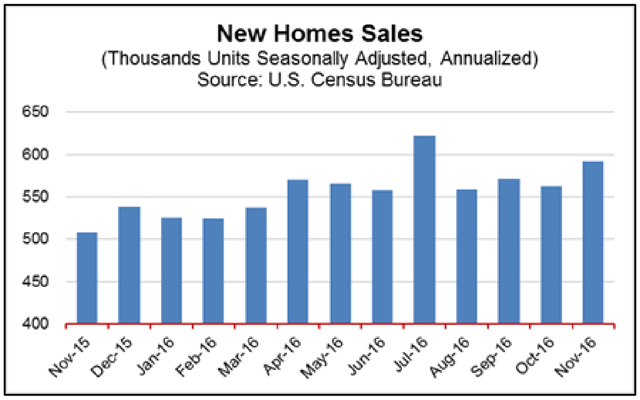
Credit Union Impact Meter: High

November new home sales data confirms that the pull back in October was temporary. This is the eighth consecutive month of new single-family home sales staying above 550,000 units per month. The Midwest posted the highest increase of 43.8% followed by the West, which increased 7.7%. From a year ago, home sales in all regions increased by double digits.

Further improvements in labor markets and higher personal income will continue to support stable housing demand. An uptick from the third quarter homeownership rate of 63.4% can be expected moving forward. Although mortgage rates started rising in November – tracking the 10-year Treasury yield that reached 2.5% in the third week of December – mortgage rates are still relatively low. Drastic increases in mortgage rates are not expected given continued moderate pace of U.S. economic expansion next year, which necessitates only a modest pace of interest rate increases. Higher mortgage rates will affect housing affordability hence home sales, but mortgage lending at credit unions is expected to stay in the positive territory. Mortgage refinance business will be negatively affected by higher rates.

The 25 basis points increase in the Fed funds rate at the FOMC meeting this month is in line with inflation on the horizon and further improvement in labor markets. The housing market is expected to stay in recovery mode next year as modest U.S. economic growth continues.

Data Snapshot: 12-Month and Monthly Periodic Change (%)



Source: U.S. Census Bureau	U.S.	Northeast	Midwest	South	West
New Home Sales (Percent Change from Oct-16)					
Nov-16	5.2%	0.0%	43.8%	-3.1%	7.7%
Year-on-Year	16.5%	22.2%	39.4%	13.4%	10.8%
New Home Sales (Thousand Units)					
Nov-16	592	33	92	313	154
Year-to-Date	6,189	355	776	3,513	1,545

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