



Economics Group

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New Home Sales Decline Modestly in March

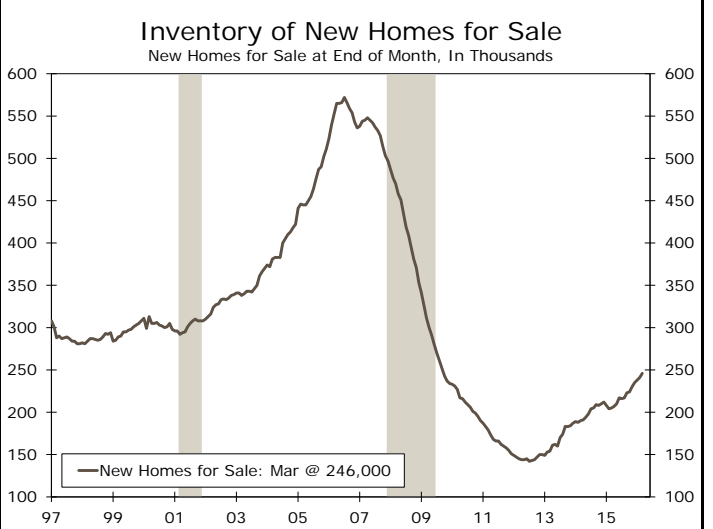
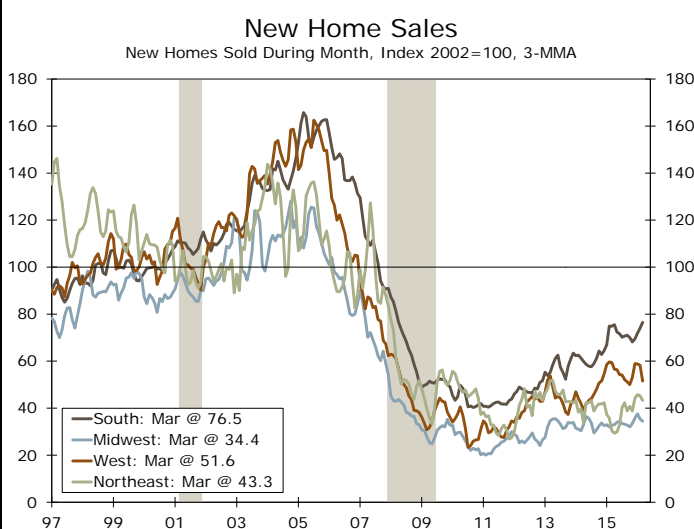
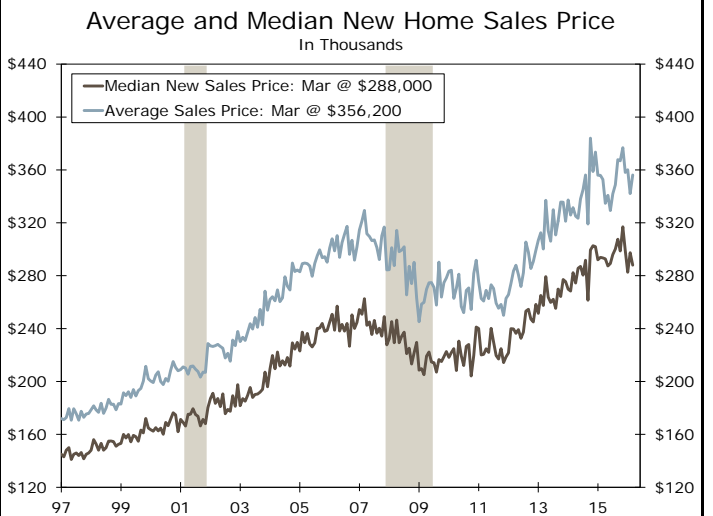
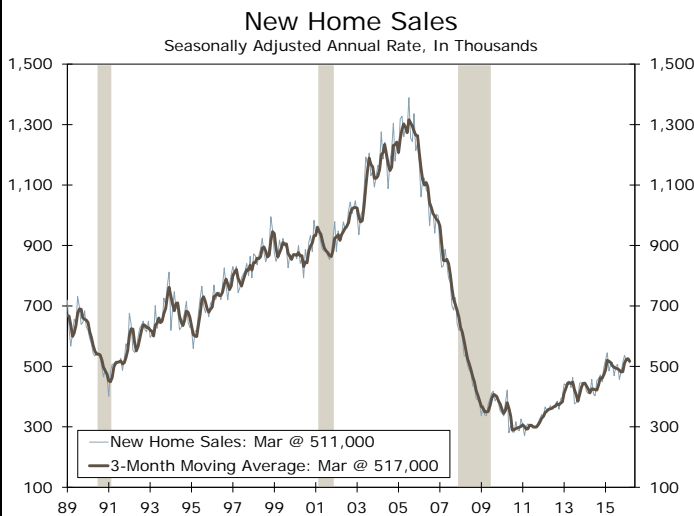
Upward revisions to the February and January data took much of the sting out of the 1.5 percent drop in new home sales during March. Prices moderated as building activity appears to be migrating to lower cost areas.

Home Sales Slip for the Third Straight Month

- New home sales fell 1.5 percent in March, marking the third consecutive monthly drop. The winter pullback follows three exceptionally strong months last fall and likely reflects the impact of large seasonal adjustment factors at this time of year.
- Sales plunged 23.6 percent in the West during March after spiking 21.7 percent the previous month. Sales rose 18.5 percent in the Midwest and increased 5 percent in the South.

Prices Moderate as Sales Shift to Lower Cost Regions

- The big drop in sales in the West, where home prices tend to be higher, contributed to a big slide in the median sales price. The median price of a new home sold in March fell 3.2 percent from February and is down 1.8 percent from last March.
- The inventory of new homes available for sale continues to inch higher, particularly in the South and West, which accounted for three quarters of the rise in new home inventory.



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

Wells Fargo Securities, LLC Economics Group

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