

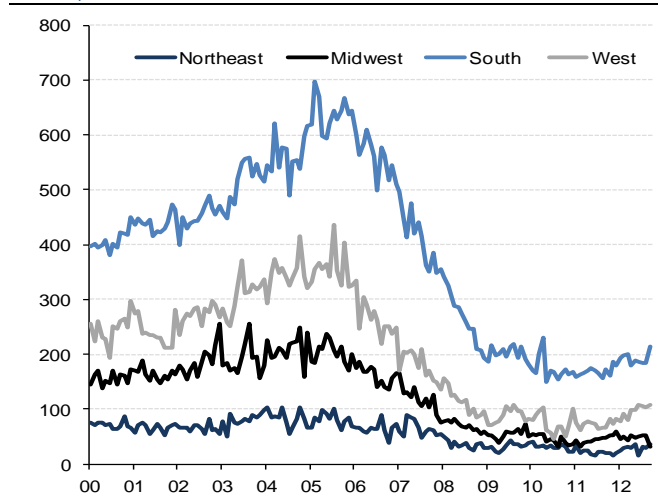
# U.S. Housing Flash

## New Home Sales Reach Highest Level Since April 2010

- Sales of new homes increased 5.7% in September, led mostly by 16.9% gain in the Southern region
- The median price of new homes fell slightly from August, but the YoY rate remains strong at 11.7%
- Constrained supply is limiting current sales but points to increased new home construction in the coming months

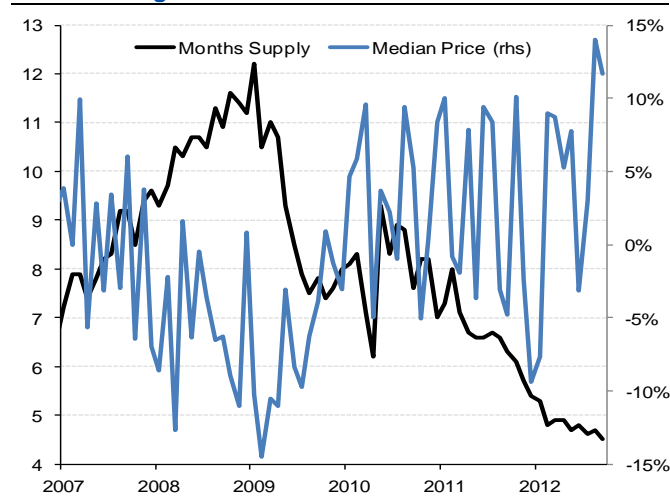
The increase in new home sales for September supports the view of a stronger housing market that we have witnessed throughout the past few months. Climbing 5.7% to 389K, the healthy jump in sales was led mostly by a 16.9% increase in the Southern region, which accounts for just about half of total new home sales. While the Northeast and West regions also saw growth in new home sales, the Midwest region saw a staggering -37.3% drop, the largest since the mid-1990s. Even still, September has been a break-out month for existing and new homes sales as well as construction data. Supply continues to decline, hitting 4.5 months' at the current sales rate and ultimately limiting sales. This points to continued gains in housing starts in the coming months but also puts upward pressure on home prices. The median price of new homes did decline 3.2% in September following two consecutive months of increases, but in general we are seeing an upward trend for prices throughout the housing market. With the Fed's commitment to keeping interest rates low for the next few years, we expect that demand for homes will continue to rise at a gradual pace. Although the housing sector is not moving at a fast enough pace to completely carry the recovery on its own, the data are surely a bright spot to finish out strong in 2012.

Graph 1  
**New Home Sales, by Region**  
SAAR, Thousands



Source: U.S. Census Bureau & BBVA Research

Graph 2  
**Median Price and Months' Supply at Current Sales Rate**  
YoY % Change and Ratio



Source: U.S. Census Bureau & BBVA Research

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