

# U.S. Housing Flash

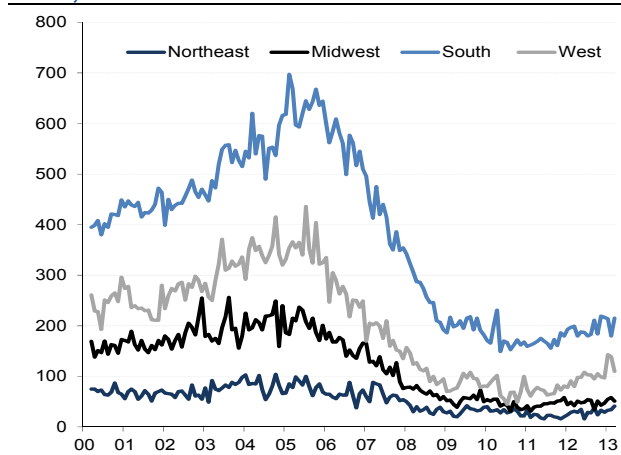
## New Home Sales Rise In March As Supply Remains Low

- Sales of new homes in March rose to 417K, up from February's 411K figure
- Supply remains at 4.4 months, with new homes for sale rising only 3K
- Median sales price fell 6.8% but remains positive in YoY terms

The housing market seems to be slowing slightly in March as existing home sales decline slightly and the pace of new home sales was less than forecasted. Up a modest 1.4% to 417K, new homes sales emerged slightly lower than expected as credit remains tight and supply constrained. Still, the move upward points toward continuing growth in the housing market despite the restraints and therefore a longer term recovery of the sector entrenched in price appreciation and a revitalization of homeownership over renting. The Northeast and South regions both grew as the south continues to lead the market in terms of new homes sold and constructed. The Midwest, which performed better in the existing home market for March, declined along with the West region which has continued its decline since the beginning of the year, down 33K from January. The months' supply remained constant at 4.4 months which is arguably better than continuing its decline but still discouraging given the massive demand. New single family homes for sale did rise, but only by 3,000 units, continuing a relatively mute but positive trend since last July. Median and average home prices did not fare as well as expected given low inventory, both declining 6.8% and 9.7%, respectively. This most likely means that a larger number of lower priced homes were sold than higher, resulting in a decline in prices for the month's sales. While we expect the coming months to perform better given the trend for spring sales, we are cautious due to the fact that there was not a substantial rise in housing starts that would come online this spring. With supply expected to remain tight, we may experience a home buying surge later in the year as more homes enter the market.

Graph 1

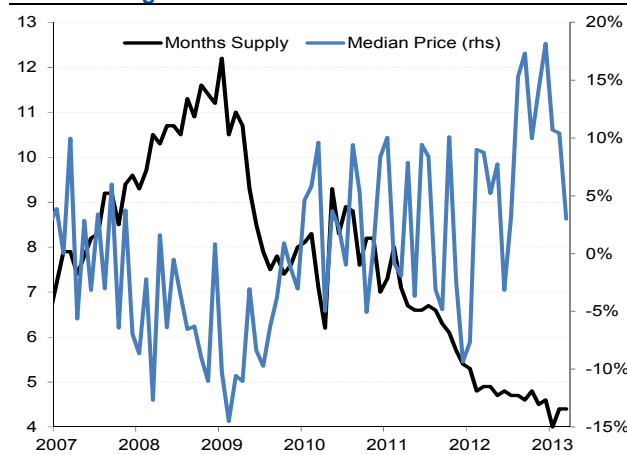
### New Home Sales, by Region SAAR, Thousands



Source: U.S. Census Bureau &amp; BBVA Research

Graph 2

### Median Price and Months' Supply at Current Sales Rate YoY % Change and Ratio



Source: U.S. Census Bureau &amp; BBVA Research

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