



## Economics Group

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### New Home Sales Rise Solidly in May

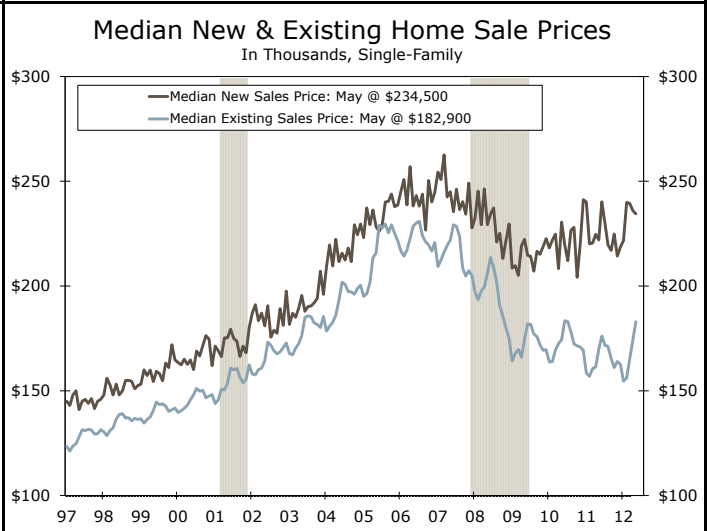
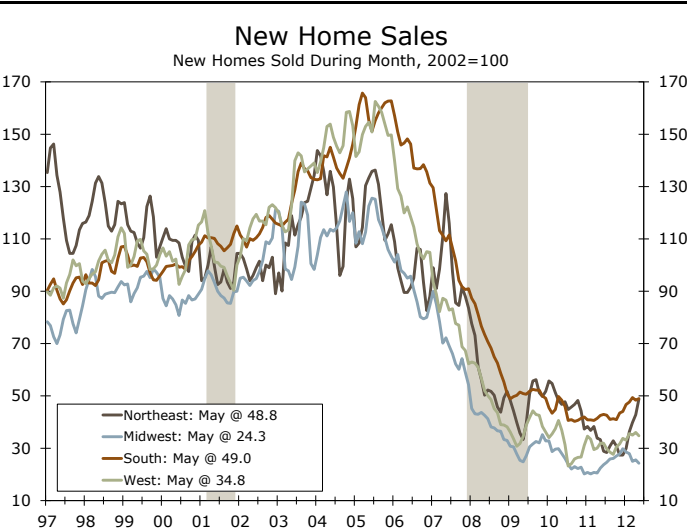
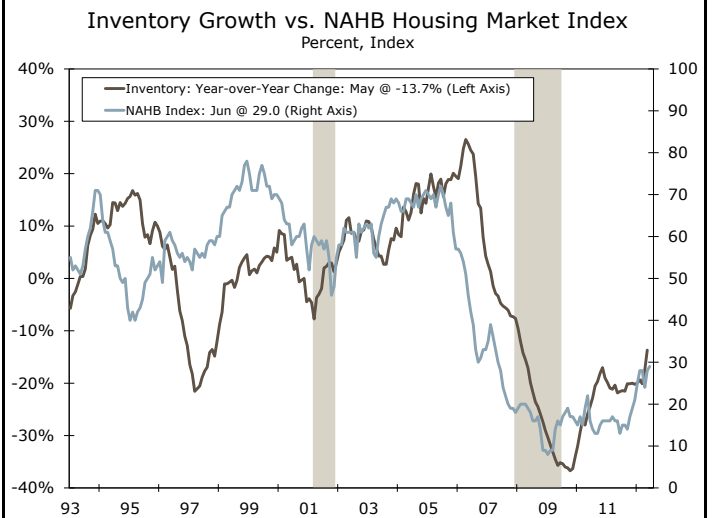
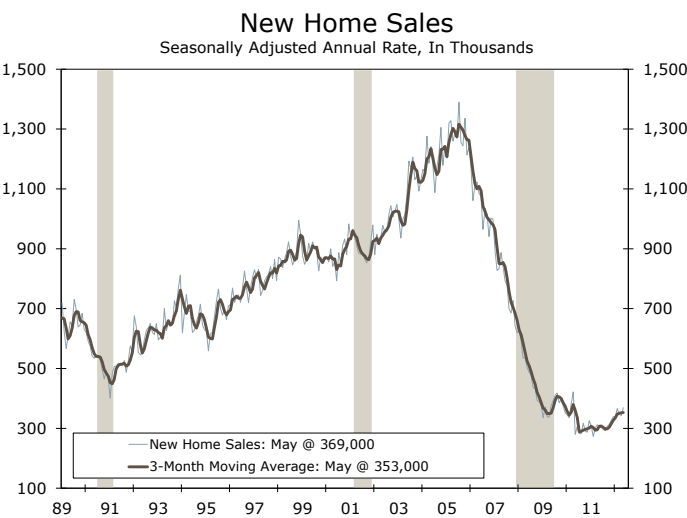
*After some mediocre reports last week, May's stronger new home sales figures show that the housing recovery remains on track. New home sales jumped 7.6 percent to a 369,000-unit annual pace.*

#### The Housing Recovery Remains on Track

- New home sales rose 7.6 percent in May to a 369,000-unit annual pace, marking their highest level since April 2010, when sales were fueled by tax incentives.
- Starts rose in the Northeast and South but fell slightly in the Midwest and West. Sales in the Northeast surged 36.7 percent to a 41,000-unit pace, likely reflecting more supply. Helped by mild weather, starts jumped in the Northeast earlier this year.

#### Gains in Sales Are Bolstering Builder Confidence

- The improvement in sales helps support the recent improvement in builder confidence, which has encouraged builders to carry a little more inventory.
- Home prices have improved modestly over the past year, with the median price up 5.6 percent to \$234,500 and the average price up 4.3 percent to \$273,900. The gains reflect a little less pressure from foreclosures and short sales.



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

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