



Economics Group

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New Home Sales Soften in February

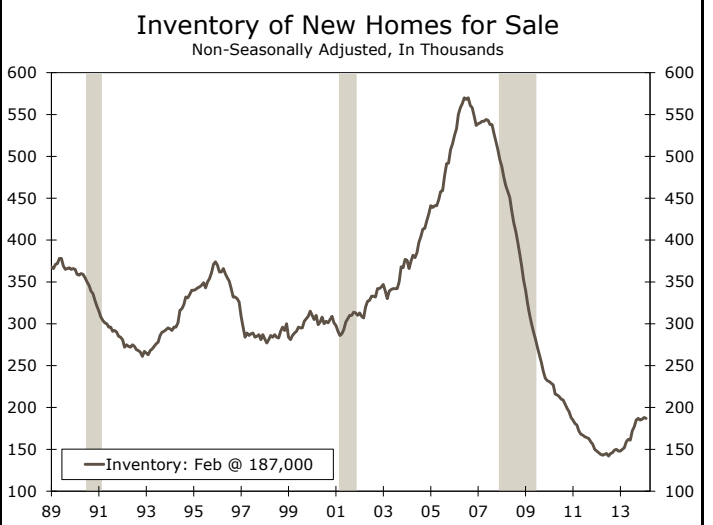
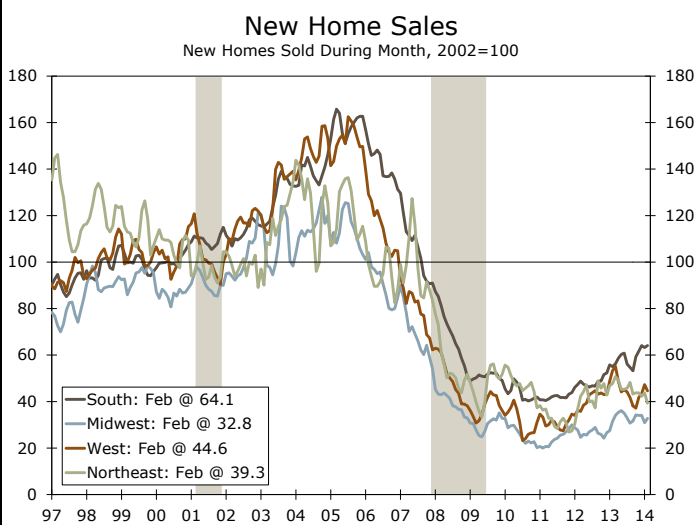
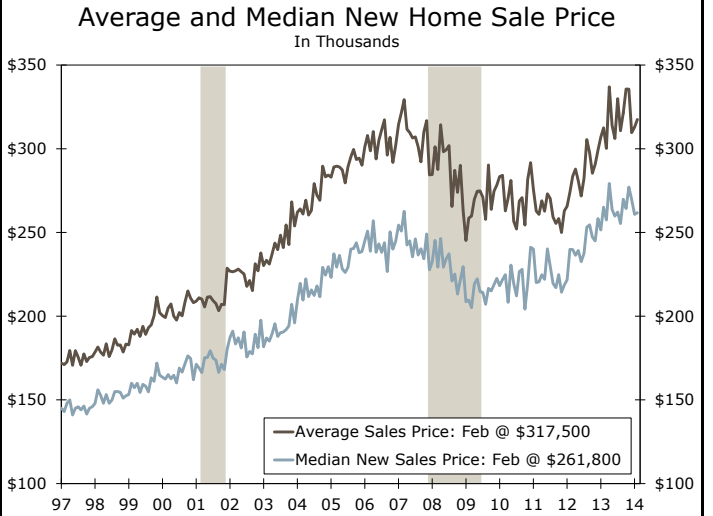
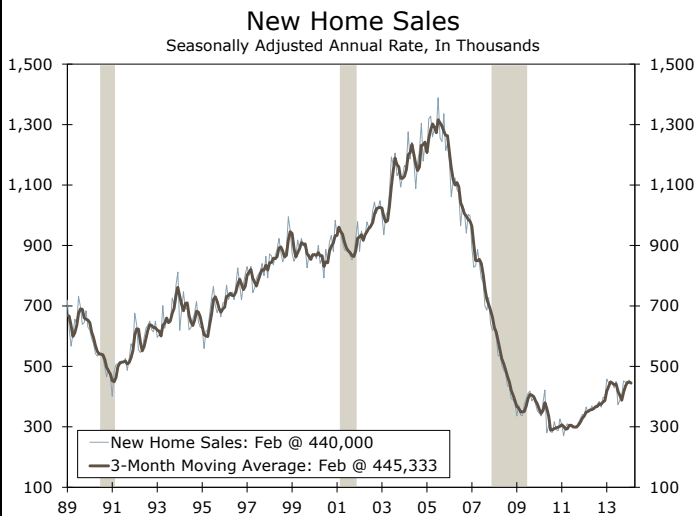
Reflecting, in part, adverse winter weather conditions, new home sales declined to a 440,000 unit annualized pace in February. Despite the near-term challenges, the new home sales outlook remains favorable.

Sales Fall to a Five-Month Low

- Following a substantial downward revision to January's outsized sales performance, new home sales fell 3.3 percent in February. Harsh winter weather conditions experienced in the South and Northeast likely played a dampening role.
- Consistent with slower home price appreciation seen from other measures, the median price of a new home is down 1.2 percent over the past year to \$261,800.

Sales Outlook Still Favorable

- It is important to note that the winter months, including February, are typically some of the least important months of the year for home sales and new residential construction. With home builders cautiously optimistic and an outlook for improving job growth as our base case, we remain constructive on new home sales as we look ahead to the all-important spring home buying season.



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

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