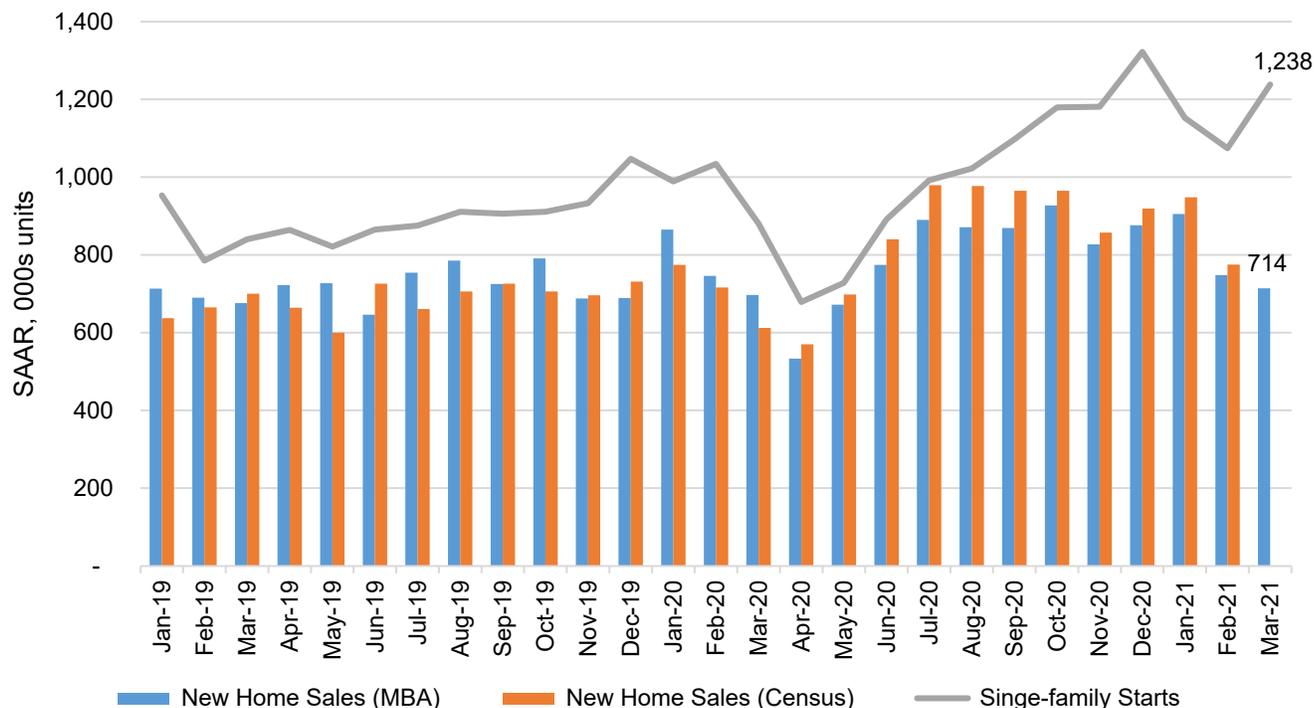


Chart of the Week - April 16, 2021
New Home Sales and Single-Family Housing Starts



Source: U.S. Census Bureau, MBA Builder Applications Survey

This week’s MBA Chart of the Week focuses on newly built homes, as measured by new home sales and single-family housing starts. As indicated in our monthly [Builder Applications Survey](#) (BAS) release, MBA’s estimate of new home sales declined by more than 4 percent in March 2021 to a seasonally adjusted annual pace of 714,000 units, the slowest pace since May 2020. Sales were held back by rapidly increasing home prices and a low number of homes on the market, caused by a combination of strong demand for new homes outpacing supply, as well as supply chain challenges facing homebuilders. The BAS data has proven to be a reliable indicator of the U.S. Census Bureau’s new home sales release. The chart above shows how the two series have moved closely together.

The chart also features the Census’ measure of single-family housing starts, which increased 15 percent in March 2021 to over 1.2 million units. On a year-over-year basis, single-family starts were up over 40 percent in March, the tenth consecutive month of annual gains. The March employment numbers from the U.S. Bureau of Labor Statistics (BLS) showed a pickup in construction employment, with strong gains in both residential construction and specialty contractor hiring. Those job gains were matched by a notable increase in the overall pace of building.

The biggest challenge facing the housing market right now is the lack of housing supply. Today’s news of more new inventory on the way is very positive, both from the addition of new units, but also with the potential to free-up existing inventory as people move. Although we do not expect a rapid cooling in the pace of home-price growth, there should be some deceleration over the course of 2021 as these additional units enter the market.