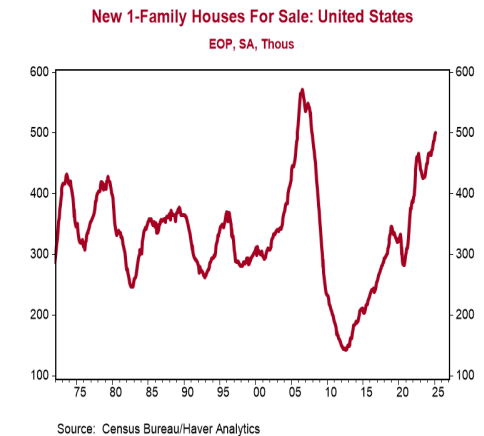
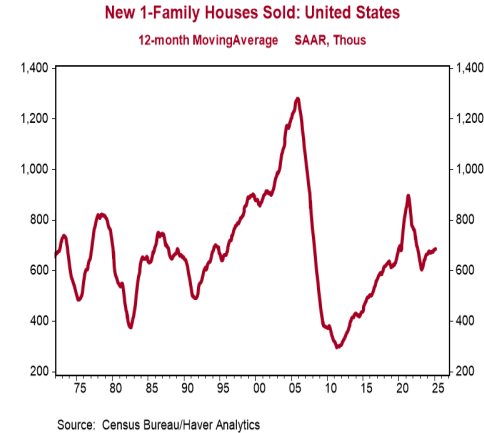


# March New Home Sales

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- New single-family home sales increased 7.4% in March to a 0.724 million annual rate, easily beating the consensus expected 0.685 million. Sales are up 6.0% from a year ago.
- Sales in March rose in the South and Midwest but fell in the Northeast and West.
- The months' supply of new homes (how long it would take to sell all the homes in inventory) declined to 8.3 in March. The drop was entirely due to the faster pace of sales. Inventories rose by 3,000 units in March.
- The median price of new homes sold was \$403,600 in March, down 7.5% from a year ago. The average price of new homes sold was \$497,700, down 4.7% versus last year.

**Implications:** New home sales surprised to the upside in March, beating even the most optimistic forecast by any economics group surveyed by Bloomberg, and rising for the second month in a row. Looking at the big picture, buyers purchased 724,000 homes at an annual rate, well below the highs of the pandemic and essentially unchanged from 2019. Looking at the details, most of the gain in March was driven by a 13.6% jump in sales in the South (the largest region) where activity reached the highest level in four years. Though we expect a modest upward trend in sales in 2025, the housing market continues to face challenges. The biggest (and most obvious) is financing costs. While March sales probably benefitted from a temporary dip in mortgage rates, that has recently reversed with the average 30-yr fixed rate back near 7%. Further, the Fed has recently paused their rate cuts, meaning the housing market is on its own for the time being. One piece of good news for potential buyers is that median sales prices are down 7.5% in the past year, and down 12.3% from the peak in October 2022. The Census Bureau reports that from Q3 2022 to Q4 2024 (the most recent data available) the median square footage for new single-family homes built fell 3.4%. So, it looks like at least part of the drop in median prices is due to smaller, lower-cost homes along with a drop in the price per square foot. Supply has also put more downward pressure on median prices for new homes than existing homes. The supply of completed single-family homes is up over 280% versus the bottom in 2022. This contrasts with the market for existing homes which continues to struggle with an inventory problem, often due to the difficulty of convincing current homeowners to give up the low fixed-rate mortgages they locked-in during the pandemic. While the future cost of financing remains a question, lower priced options and an abundance of inventories will help fuel new home sales in 2025. In other recent news, the M2 measure of the money supply grew 0.4% in March and is up 4.1% from a year ago. This remains below the 6% growth that has been normal over the past few decades, and in combination with recent inflation reports, we think the Fed has room for modest rate cuts (for more on that, see last week's [MMO](#)). Finally, on the manufacturing front, the Richmond Fed index, a measure of mid-Atlantic factory activity, fell to -13 in April from a reading of -4 in March.



New Home Sales <i>All Data Seasonally Adjusted, Levels in Thousands</i>	Mar-25		Feb-25	Jan-25	3-mo moving avg	6-mo moving avg	Yr to Yr % Change
	% Ch	Level					
<b>New Single Family Homes Sales</b>	<b>7.4%</b>	<b>724</b>	674	654	684	679	6.0
<b>Northeast</b>	<b>-22.2%</b>	<b>28</b>	36	27	30	32	-33.3
<b>Midwest</b>	<b>3.0%</b>	<b>69</b>	67	62	66	74	-15.9
<b>South</b>	<b>13.6%</b>	<b>483</b>	425	395	434	423	22.3
<b>West</b>	<b>-1.4%</b>	<b>144</b>	146	170	153	150	-12.2
<b>Median Sales Price (\$, NSA)</b>	<b>-1.9%</b>	<b>403,600</b>	411,500	431,400	415,500	415,567	-7.5
		<b>Mar-25</b>	<b>Feb-25</b>	<b>Jan-25</b>	<b>3-mo Avg</b>	<b>6-mo Avg</b>	<b>12-mo Avg</b>
<b>Months' Supply at Current Sales Rate (Levels)</b>		<b>8.3</b>	8.9	9.1	8.8	8.7	8.4

Source: Bureau of the Census