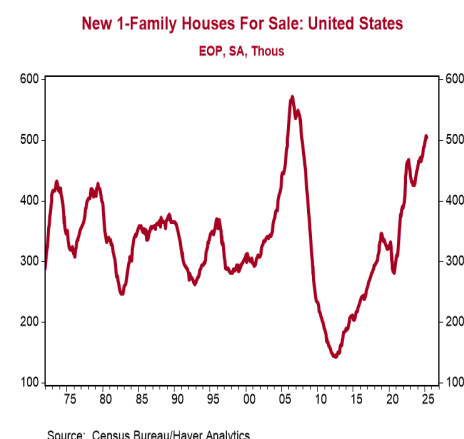
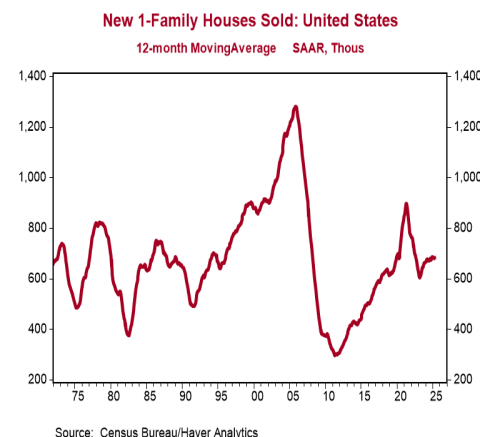


April New Home Sales

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- New single-family home sales increased 10.9% in April to a 0.743 million annual rate, easily beating the consensus expected 0.695 million. Sales are up 3.3% from a year ago.
- Sales in April rose in the Midwest, South and West, but fell in the Northeast.
- The months' supply of new homes (how long it would take to sell all the homes in inventory) declined to 8.1 in April. The drop was due to both the faster pace of sales and a decline in inventories of 3,000 units.
- The median price of new homes sold was \$407,200 in April, down 2.0% from a year ago. The average price of new homes sold was \$518,400, up 3.6% versus last year.

Implications: New home sales surprised to the upside in April, easily beating consensus expectations to post the largest monthly gain in nearly two years. Looking at the big picture, buyers purchased 743,000 homes at an annual rate. While that may be well below the highs of the pandemic, sales are at the fastest pace since 2022 and are now modestly above pre-pandemic levels. Looking at the details, gains were broad based in April with only the Northeast posting a decline. 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. The Fed has recently paused their rate cuts, meaning the housing market is on its own for the time being. That said, April's gain happened despite rising interest rates, with the average 30-yr fixed mortgage back near 7%. One piece of good news for potential buyers is that median sales prices are down 2.0% in the past year, and down 11.5% from the peak in October 2022. The Census Bureau reports that from Q3 2022 to Q1 2025 (the most recent data available) the median square footage for new single-family homes built fell 5.6%. So, while part of the drop in median prices is due to smaller/lower-cost homes, there has also been a drop in the price per square foot. This may be the result of developers offering incentives to buyers in order to move inventory. 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 270% 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. Finally, in recent manufacturing news, the Kansas City Fed Manufacturing Index, a measure of factory sentiment in that region, rose to a still weak reading of -3 in May from -4 in April.



New Home Sales <i>All Data Seasonally Adjusted, Levels in Thousands</i>	Apr-25		Mar-25	Feb-25	3-mo	6-mo	Yr to Yr
	% Ch	Level			moving avg	moving avg	% Change
New Single Family Homes Sales	10.9%	743	670	653	689	687	3.3
Northeast	-14.8%	23	27	34	28	28	-25.8
Midwest	35.5%	84	62	67	71	74	1.2
South	11.7%	478	428	408	438	430	6.5
West	3.3%	158	153	144	152	155	1.3
Median Sales Price (\$, NSA)	0.9%	407,200	403,700	412,500	407,800	412,267	-2.0
		Apr-25	Mar-25	Feb-25	3-mo Avg	6-mo Avg	12-mo Avg
Months' Supply at Current Sales Rate (Levels)		8.1	9.1	9.2	8.8	8.7	8.5

Source: Bureau of the Census