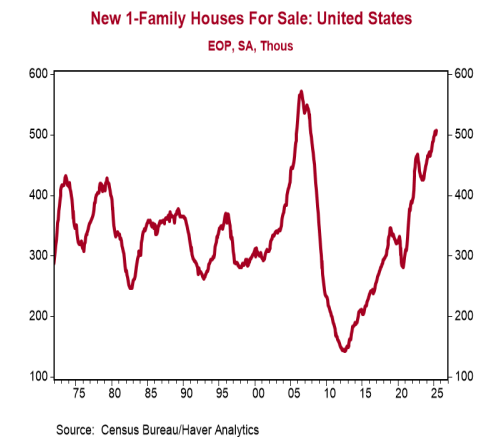
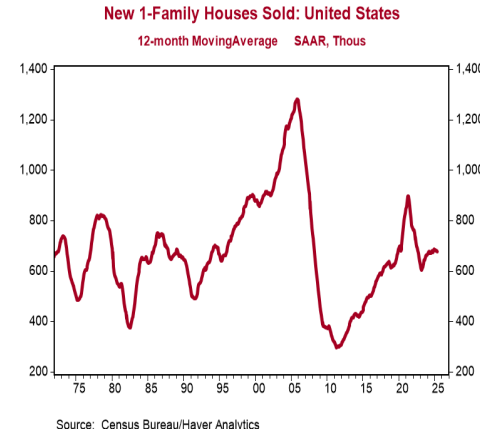


June New Home Sales

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- New single-family home sales increased 0.6% in June to a 0.627 million annual rate, lagging the consensus expected 0.650 million. Sales are down 6.6% from a year ago.
- Sales in June fell in the Northeast and West but rose in the Midwest and South.
- The months' supply of new homes (how long it would take to sell all the homes in inventory) rose to 9.8 in June. The 6,000 unit increase in inventories more than offset the faster sales pace.
- The median price of new homes sold was \$401,800 in June, down 2.9% from a year ago. The average price of new homes sold was \$501,000, up 1.1% versus last year.

Implications: New home sales managed to eke out a small gain in June, kicking off the summer buying season on a disappointing note after May's large decline. From a big picture perspective, buyers purchased 627,000 homes at an annual rate and sales have fallen year-over-year for six months in a row. Moreover, that pace remains well below the highs of the pandemic, and sales today are roughly where they were pre-pandemic in 2019. It's clear the housing market continues to face challenges. The biggest (and most obvious) is affordability. The Fed has paused their rate cuts, meaning the housing market is on its own for the time being with the average 30-yr fixed mortgage still hovering near 7%. However, in contrast to the existing homes market, buyers are seeing a decline in prices for new builds. Median sales prices are down 12.7% from the peak in October 2022 and have fallen 2.9% in the past year. 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 is partially 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 280% versus the bottom in 2022 and is currently at the highest level since 2009. 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 should give a modest boost to new home sales in 2025. In other news this morning, new claims for unemployment insurance declined 4,000 last week to 217,000. Continuing claims rose 4,000 to 1.955 million. These figures are consistent with continued job growth.



| New Home Sales <i>All Data Seasonally Adjusted, Levels in Thousands</i> | Jun-25 | | May-25 | Apr-25 | 3-mo | 6-mo | Yr to Yr |
|--|--------|---------|---------|---------|------------|------------|-----------|
| | % Ch | Level | | | moving avg | moving avg | % Change |
| New Single Family Homes Sales | 0.6% | 627 | 623 | 705 | 652 | 653 | -6.6 |
| Northeast | -27.6% | 21 | 29 | 29 | 26 | 27 | -34.4 |
| Midwest | 6.3% | 85 | 80 | 83 | 83 | 74 | 9.0 |
| South | 5.1% | 390 | 371 | 437 | 399 | 400 | -4.4 |
| West | -8.4% | 131 | 143 | 156 | 143 | 152 | -14.4 |
| Median Sales Price (\$, NSA) | -4.9% | 401,800 | 422,700 | 413,300 | 412,600 | 415,900 | -2.9 |
| | | Jun-25 | May-25 | Apr-25 | 3-mo Avg | 6-mo Avg | 12-mo Avg |
| Months' Supply at Current Sales Rate (Levels) | | 9.8 | 9.7 | 8.5 | 9.3 | 9.3 | 8.8 |

Source: U.S. Census Bureau