

August New Home Sales

Bryce Gill – Economist
Brian S. Wesbury – Chief Economist
Robert Stein, CFA – Dep. Chief Economist

- New single-family home sales jumped 20.5% in August to an 800,000 annual rate, easily beating the consensus expected 650,000. Sales are up 15.4% from a year ago.
- Sales in August rose in every major region.
- The months' supply of new homes (how long it would take to sell all the homes in inventory) declined to 7.4 in August. The drop was due to both a faster pace of sales and a 7,000 unit decline in inventories.
- The median price of new homes sold was \$413,500 in August, up 1.9% from a year ago. The average price of new homes sold was \$534,100, up 12.3% versus last year.

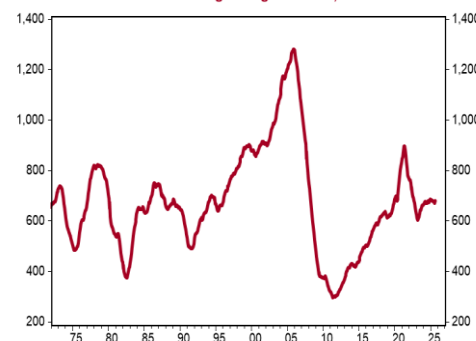
Implications: New home sales wrapped up the summer buying season with an unexpected bang, posting the largest monthly gain since 2022, and coming in higher than any economics group surveyed by Bloomberg expected. Looking at the big picture, buyers purchased 800,000 homes at an annual rate, and sales are up 15.4% in the past year. While the August pace remains below the highs of the pandemic, sales today broke above pre-pandemic levels which had been a ceiling of sorts for activity the past couple of years. Although the housing market continues to face challenges (and one month of data doesn't make a trend), there has been progress recently. First, financing costs have been trending lower, with the average 30-yr fixed mortgage rate now around 6.3%. Notably, that is the lowest since 2023, and with the Federal Reserve restarting rate cuts last week, buyers have reasons for further optimism. Meanwhile, prices have been trending lower for new builds the past several years. Median sales prices are down 10.2% from the peak in October 2022. The Census Bureau reports that from Q3 2022 to Q2 2025 (the most recent data available) the median square footage for new single-family homes built fell 6.8%. 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 300% 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 convincing current homeowners to give up the low fixed-rate mortgages they locked-in during the pandemic to list their homes. It looks like a combination of lower mortgage rates, less expensive options, and an abundance of inventories may finally be giving home sales a boost. In other recent news, the M2 measure of the money supply rose 0.4% in August and is up 4.8% from a year ago. This remains below the 6% growth that has been normal over the past few decades, and as we argued in this week's [MMO](#), we believe recent data supports modest rate cuts from the Federal Reserve. On the manufacturing front, the Philadelphia Fed Manufacturing Index, a measure of factory sentiment in that region, rebounded to a still weak reading of -12.3 in September from -17.5 in August. Finally, its counterpart the Richmond Fed Index fell to -17.0 in September from -7.0 in August.

New 1-Family Houses For Sale: United States
EOP, SA, Thous



Source: Census Bureau/Haver Analytics

New 1-Family Houses Sold: United States
12-month Moving Average SAAR, Thous



Source: Census Bureau/Haver Analytics

| New Home Sales | | Aug-25 | | Jul-25 | Jun-25 | 3-mo | 6-mo | Yr to Yr |
|--|--|--------------|----------------|---------------|---------------|-----------------|-----------------|------------------|
| All Data Seasonally Adjusted, Levels in Thousands | | % Ch | Level | | | moving avg | moving avg | % Change |
| New Single Family Homes Sales | | 20.5% | 800 | 664 | 676 | 713 | 689 | 15.4 |
| Northeast | | 72.2% | 31 | 18 | 24 | 24 | 26 | 40.9 |
| Midwest | | 12.7% | 89 | 79 | 89 | 86 | 82 | 20.3 |
| South | | 24.7% | 530 | 425 | 428 | 461 | 435 | 21.0 |
| West | | 5.6% | 150 | 142 | 135 | 142 | 147 | -5.7 |
| Median Sales Price (\$, NSA) | | 4.7% | 413,500 | 395,100 | 403,600 | 404,067 | 410,583 | 1.9 |
| | | | Aug-25 | Jul-25 | Jun-25 | 3-mo Avg | 6-mo Avg | 12-mo Avg |
| Months' Supply at Current Sales Rate (Levels) | | | 7.4 | 9.0 | 8.9 | 8.4 | 8.8 | 8.8 |

Source: U.S. Census Bureau