

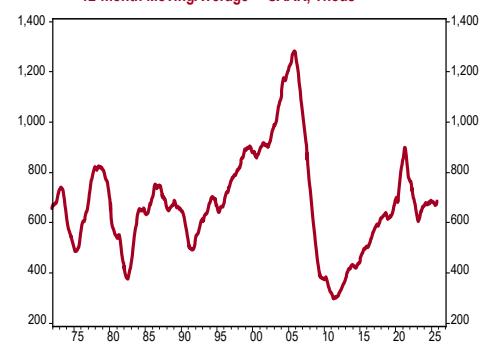
October New Home Sales

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

- New single-family home sales declined 0.1% in October to a 737,000 annual rate, beating the consensus expected 715,000. Sales are up 18.7% from a year ago.
- Sales in October fell in the West, Northeast and Midwest, but rose in the South.
- The months' supply of new homes (how long it would take to sell all the homes in inventory) remained unchanged at 7.9 in October. This was due to a small decline in the pace of sales while inventories remaining unchanged.
- The median price of new homes sold was \$392,300 in October, down 8.0% from a year ago. The average price of new homes sold was \$498,000, down 4.6% versus last year.

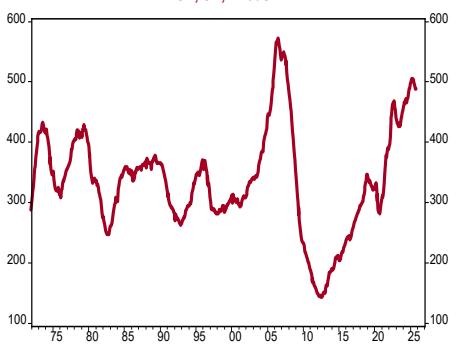
Implications: We got another double-dose of monthly data this morning as Federal agencies continue to catch up on the backlog from the government shutdown, and new home sales continue to show signs of life. Buyers purchased 737,000 new homes at an annual rate in October, and sales are up 18.7% in the past year. While the October pace remains below the highs of the pandemic, sales are at roughly the fastest pace since 2023 and 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, there is reason to expect this progress to continue. First, financing costs have been trending lower, with the average 30-yr fixed mortgage rate now around 6.2%. Notably, that is the lowest since 2022, and buyers have reasons for further optimism on financing costs. The Federal Reserve is continuing to cut rates, the Trump Administration will soon appoint a new Fed chair who is likely to be even more accommodative, and there is talk of Fannie and Freddie purchasing more mortgages as well. Meanwhile, prices have been trending lower for new builds the past several years. Median sales prices are down 14.8% from the peak in October 2022. The Census Bureau reports that from Q3 2022 to Q3 2025 (the most recent data available) the median square footage for new single-family homes built fell 6.3%. 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 on 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.

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



Source: Census Bureau/Haver Analytics

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



Source: Census Bureau/Haver Analytics

New Home Sales	Oct-25		Sep-25	Aug-25	3-mo	6-mo	Yr to Yr	
	% Ch	Level			moving avg	moving avg	% Change	
New Single Family Homes Sales	-0.1%	737	738	711	729	686	18.7	
Northeast	-14.3%	24	28	28	27	25	-40.0	
Midwest	-9.0%	91	100	80	90	86	21.3	
South	16.9%	513	439	447	466	433	42.1	
West	-36.3%	109	171	156	145	141	-24.8	
Median Sales Price (\$, NSA)	-3.3%	392,300	405,800	420,000	406,033	408,233	-8.0	
			Oct-25	Sep-25	Aug-25	3-mo Avg	6-mo Avg	12-mo Avg
Months' Supply at Current Sales Rate (Levels)			7.9	7.9	8.3	8.0	8.7	9.5

Source: U.S. Census Bureau