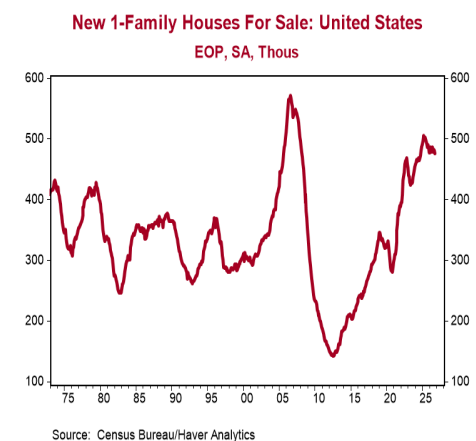
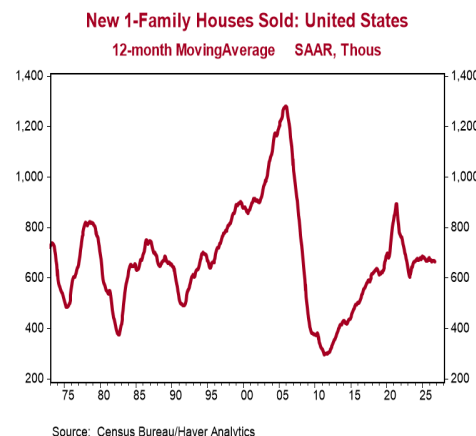


September New Home Sales

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- New single-family home sales declined 0.6% in September to a 676,000 annual rate, beating the consensus expected 651,000. Sales are down 5.3% from a year ago.
- Sales in September fell in the Midwest and South but rose 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 8.4 in September. The drop was entirely due to a 5,000 unit decline in inventories.
- The median price of new homes sold was \$400,400 in September, down 3.9% from a year ago. The average price of new homes sold was \$472,800, down 6.7% versus last year.



Implications: New home sales remained in low gear in September, as affordability continued to keep potential buyers on the sidelines. Sales are now at an annual pace of 676,000, right around pre-pandemic levels, which has been a ceiling of sorts for activity the past couple of years. Unfortunately, ongoing conflicts in the Middle East and between Russia and Ukraine are having upward impacts on energy prices and inflation which have introduced new challenges. First, financing costs have risen, with the average 30-yr fixed mortgage rate up roughly 130 basis points since early this year. Second, the Federal Reserve has begun hiking interest rates again, which will disproportionately impact the already weak housing sector. But while buyers are unlikely to get much help from interest rates, the good news is that prices have been trending lower for new builds in the past several years. Median sales prices are down 13% from the peak in October 2022. Meanwhile, the Census Bureau reports that from Q3 2022 to Q2 2026 (the most recent data available) the median square footage for new single-family homes built rose 2.5%. So, buyers are seeing a drop in the price per square foot, not just smaller/lower cost options. 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 has been trending down recently but is still up 260% versus the bottom in 2022. This contrasts with the market for existing homes, which continues to struggle to convince current homeowners to give up the low fixed-rate mortgages they locked-in during the pandemic. While financing costs continue to add uncertainty and keep buyers on the sidelines, less expensive options and an abundance of inventories may give home sales a modest boost through the end of 2026. In other housing news this morning, the FHFA index increased 0.3% in August and is up 2.5% in the past year, while the national Case-Shiller index increased 0.3% in August and is up 2.1% in the past year.

New Home Sales <i>All Data Seasonally Adjusted, Levels in Thousands</i>	Sep-26		Aug-26	Jul-26	3-mo moving avg	6-mo moving avg	Yr to Yr % Change
	% Ch	Level					
New Single Family Homes Sales	-0.6%	676	680	647	668	660	-5.3
Northeast	28.0%	32	25	36	31	31	10.3
Midwest	-7.3%	89	96	53	79	79	-8.2
South	-6.6%	413	442	419	425	413	-0.7
West	21.4%	142	117	139	133	138	-17.4
Median Sales Price (\$, NSA)	3.9%	400,400	385,400	394,200	393,333	403,367	-3.9
		Sep-26	Aug-26	Jul-26	3-mo Avg	6-mo Avg	12-mo Avg
Months' Supply at Current Sales Rate (Levels)		8.4	8.5	8.9	8.6	8.8	8.8

Source: U.S. Census Bureau