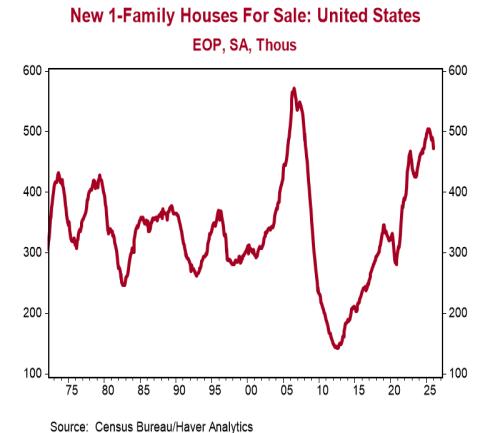
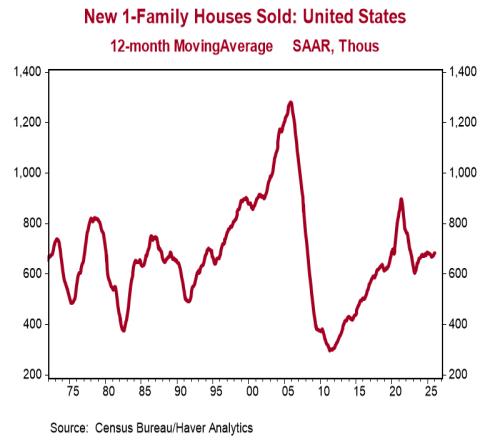


## December New Home Sales

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- New single-family home sales declined 1.7% in December to a 745,000 annual rate, beating the consensus expected 730,000. Sales are up 3.8% from a year ago.
- Sales in December fell in the Northeast and South but rose in the Midwest and West.
- The months' supply of new homes (how long it would take to sell all the homes in inventory) declined to 7.6 in December. The slower pace of sales was more than offset by a 13,000 unit decline in inventories.
- The median price of new homes sold was \$414,400 in December, down 2.0% from a year ago. The average price of new homes sold was \$532,600, up 4.7% 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. While December showed a small decline in sales, that came on the heels of the largest monthly gain since 2022 in November. Looking at the big picture, buyers purchased 745,000 homes at an annual rate in December, and sales are up 3.8% in the past year. While the December pace remains below the highs of the pandemic, sales are at roughly the fastest pace since 2022 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 are reasons for modest optimism. 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. Several more rate cuts are expected from the Federal Reserve in 2026, the Trump Administration recently nominated 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 in the past several years. Median sales prices are down 10% 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 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 give home sales a boost. On the housing front, pending home sales, which are contracts on existing homes, declined 0.8% in January after falling 7.4% in December, signaling that existing home sales (counted at closing) likely declined in February.



New Home Sales	Dec-25		Nov-25	Oct-25	3-mo	6-mo	Yr to Yr
	% Ch	Level			moving avg	moving avg	% Change
<b>New Single Family Homes Sales</b>	<b>-1.7%</b>	<b>745</b>	758	656	720	704	3.8
Northeast	-37.3%	37	59	43	46	37	12.1
Midwest	31.7%	108	82	84	91	89	30.1
South	-6.7%	430	461	419	437	429	-1.1
West	9.0%	170	156	110	145	149	1.8
Median Sales Price (\$, NSA)	4.2%	414,400	397,600	403,200	405,067	407,867	-2.0
		Dec-25	Nov-25	Oct-25	3-mo Avg	6-mo Avg	12-mo Avg
Months' Supply at Current Sales Rate (Levels)	7.6	7.7	9.0	8.1	8.4	8.4	8.7

Source: U.S. Census Bureau