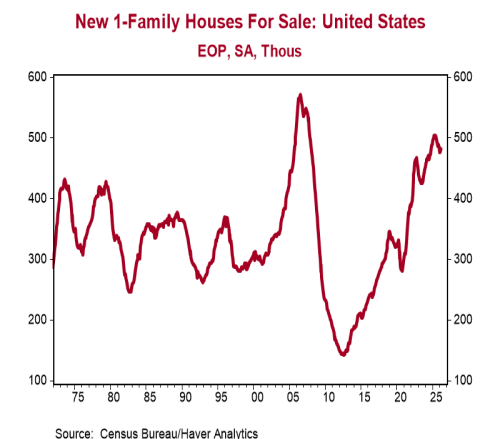
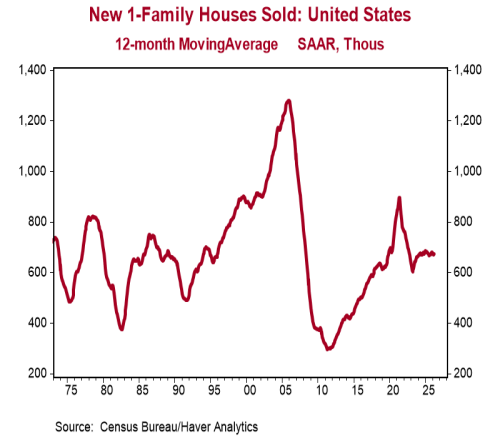


March New Home Sales

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- New single-family home sales increased 7.4% in March to a 682,000 annual rate, beating the consensus expected 652,000. Sales are up 3.3% from a year ago.
- Sales in March rose in the Northeast and South but fell 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 8.5 in March. The drop was driven by both a faster pace of sales and a 2,000 unit decline in inventories.
- The median price of new homes sold was \$387,400 in March, down 6.2% from a year ago. The average price of new homes sold was \$503,100, down 1.2% versus last year.



Implications: We got another double dose of data on new home sales this morning, and it looks like activity has bounced back sharply since January when severe winter weather caused the largest monthly decline since 2013. Sales rose 8.9% and 7.4% in February and March, respectively, and now sit at a 682,000 annual rate. However, the overall trend in sales remains around pre-pandemic levels, which has been a ceiling of sorts for activity the past couple of years. Unfortunately, the Iran War and its expected impact on energy prices and inflation have introduced new challenges. First, financing costs have recently spiked in response, with the average 30-yr fixed mortgage rate up roughly 30 basis points since the start of the conflict. Second, despite a new Chairman at the Federal Reserve, further rate cuts are likely on hold for the time being. 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 16% from the peak in October 2022. The Census Bureau reports that from Q3 2022 to Q4 2025 (the most recent data available) the median square footage for new single-family homes built fell 9.7%. 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. While financing costs remain a headwind, less expensive options and an abundance of inventories may give home sales a modest boost in 2026.

| New Home Sales | Mar-26 | | Feb-26 | Jan-26 | 3-mo moving avg | 6-mo moving avg | Yr to Yr % Change |
|----------------------------------------------------------|--------------|----------------|---------------|---------------|-----------------|-----------------|-------------------|
| | % Ch | Level | | | | | |
| <i>All Data Seasonally Adjusted, Levels in Thousands</i> | | | | | | | |
| New Single Family Homes Sales | 7.4% | 682 | 635 | 583 | 633 | 671 | 3.3 |
| Northeast | 80.0% | 27 | 15 | 29 | 24 | 38 | 3.8 |
| Midwest | -5.0% | 76 | 80 | 75 | 77 | 84 | 11.8 |
| South | 11.1% | 441 | 397 | 346 | 395 | 409 | 8.1 |
| West | -3.5% | 138 | 143 | 133 | 138 | 140 | -12.7 |
| Median Sales Price (\$, NSA) | -5.3% | 387,400 | 409,000 | 412,900 | 403,100 | 407,517 | -6.2 |
| | | Mar-26 | Feb-26 | Jan-26 | 3-mo Avg | 6-mo Avg | 12-mo Avg |
| Months' Supply at Current Sales Rate (Levels) | | 8.5 | 9.1 | 9.8 | 9.1 | 8.7 | 8.8 |

Source: U.S. Census Bureau