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June New Home Sales

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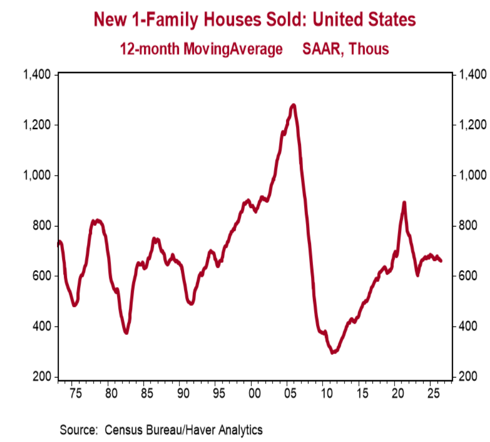
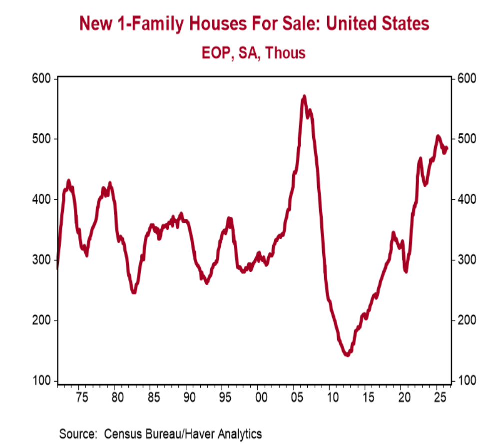
- New single-family home sales increased 1.6% in June to a 628,000 annual rate, beating the consensus expected 607,000. Sales are down 5.6% from a year ago.

- Sales in June rose in the South, Northeast, and Midwest, but fell in the West.

- The months' supply of new homes (how long it would take to sell all the homes in inventory) declined to 9.3 in June. The decline was driven by both a faster pace of sales and a 1,000 unit decrease in inventories.

- The median price of new homes sold was $398,300 in June, down 2.7% from a year ago. The average price of new homes sold was $475,400, down 6.5% versus last year.





Implications: New homes sales may have surprised to the upside in June, but there wasn't much to get excited about in today's report. Sales rose a modest 1.6% in June and now sit at a 628,000 annual rate. That sales pace remains on the weaker end of pre-pandemic levels, which has been a ceiling of sorts for activity the past couple of years. Unfortunately, the ongoing conflict with Iran and its impact on energy prices and inflation have introduced new challenges. First, financing costs have risen, with the average 30-yr fixed mortgage rate up roughly 50 basis points since the start of the conflict. Second, despite a new Chairman at the Federal Reserve, further rate cuts are 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 13.5% from the peak in October 2022. Meanwhile, the Census Bureau reports that from Q3 2022 to Q1 2026 (the most recent data available) the median square footage for new single-family homes built rose 3.7%. 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 280% versus the bottom in 2022. 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. In other recent news, initial jobless claims fell unexpectedly last week by 22,000 to 187,000; continuing claims declined 2,000 to 1.796 million. These figures signal continued job growth in July. Finally, on the manufacturing front, the Kansas City Fed Manufacturing Index, a measure of factory sentiment in that region, declined to +9 in July from +11 in June.

New Home Sales	Jun-26		May-26	Apr-26	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	**1.6%**	**628**	618	646	631	626	-5.6
Northeast	**3.6%**	**29**	28	29	29	27	16.0
Midwest	**2.5%**	**83**	81	67	77	79	-1.2
South	**9.9%**	**412**	375	385	391	385	-1.4
West	**-22.4%**	**104**	134	165	134	136	-24.6
***Median Sales Price** (\$, NSA)*	**-3.3%**	**398,300**	412,000	415,700	408,667	408,817	-2.7
		Jun-26	**May-26**	**Apr-26**	**3-mo Avg**	**6-mo Avg**	**12-mo Avg**
Months' Supply at Current Sales Rate (Levels)		**9.3**	9.4	9.0	9.2	9.3	8.8

Source: U.S. Census Bureau