

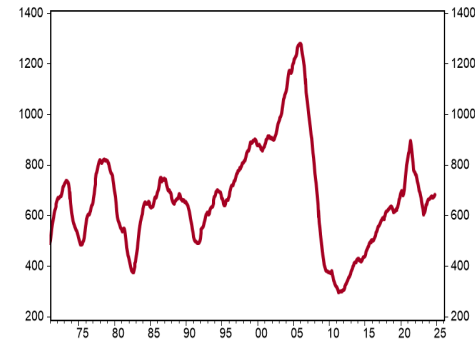
# September New Home Sales

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- New single-family home sales increased 4.1% in September to a 0.738 million annual rate, beating the consensus expected 0.720 million. Sales are up 6.3% from a year ago.
- Sales in September rose in the Northeast and South, remained unchanged in the West, and fell in the Midwest.
- The months' supply of new homes (how long it would take to sell all the homes in inventory) declined to 7.6 in September. The drop was entirely due to the faster pace of sales. Inventories rose by 2,000 units in September.
- The median price of new homes sold was \$426,300 in September, unchanged from a year ago. The average price of new homes sold was \$501,000, down 2.7% versus last year.

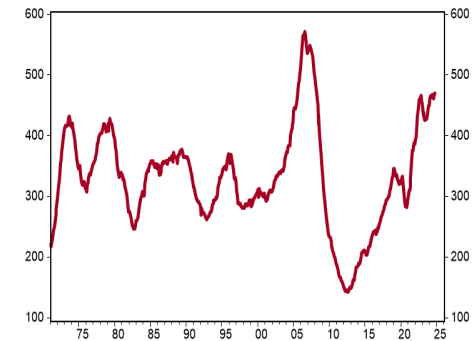
**Implications:** New home sales rose to the highest level in sixteen months in September continuing the upward trend that began late last year. Given that new home sales are a timelier barometer of the housing market because they are calculated when contracts are signed, while existing homes are only counted after the sale is closed, it looks like the anticipation of rate cuts from the Fed and the announcement itself may have gotten some buyers off the fence in the market for new homes. That said, while thirty-year fixed mortgage rates were falling in the lead up to the Fed announcement, that has recently reversed with rates up over 50bps since then. So, it remains to be seen if the recent trend will continue, with new home sales still roughly where they were in 2019 before COVID. One piece of good news for potential buyers is that the median sales price of new homes is down 7.4% from the peak in 2022. It does look like a small part of this decline reflects a lower price per square foot as developers cut prices. The Census Bureau reports that from 2022 to 2023 (the most recent data available) the median price per square foot for single family homes sold fell 1.1%. While that decline is modest, it represents a stark reversal from the 45% gain from 2019 to 2022. That said, most of the drop in median prices is likely due to the mix of homes on the market including more lower priced options as developers complete smaller properties. 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 over 200% versus the bottom in 2022. This contrasts with the market for existing homes which continues to struggle with an inventory problem, often due to the difficulty of convincing current homeowners to give up the low fixed-rate mortgages they locked-in during the pandemic. While the future cost of financing remains a question, lower prices and an abundance of inventories giving potential buyers a wider array of options will help fuel a rebound in new home sales. In other news this morning, initial jobless claims fell 15,000 last week to 227,000. Meanwhile, continuing claims rose 28,000 to 1.897 million.

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	Sep-24		Aug-24	Jul-24	3-mo	6-mo	Yr to Yr
	% Ch	Level			moving avg	moving avg	% Change
<i>All Data Seasonally Adjusted, Levels in Thousands</i>							
<b>New Single Family Homes Sales</b>	<b>4.1%</b>	<b>738</b>	709	726	724	709	6.3
<b>Northeast</b>	<b>21.7%</b>	<b>28</b>	23	33	28	28	-22.2
<b>Midwest</b>	<b>-2.5%</b>	<b>77</b>	79	82	79	81	14.9
<b>South</b>	<b>5.8%</b>	<b>477</b>	451	421	450	439	14.7
<b>West</b>	<b>0.0%</b>	<b>156</b>	156	190	167	161	-10.9
<b>Median Sales Price (\$, NSA)</b>	<b>3.7%</b>	<b>426,300</b>	410,900	427,300	421,500	418,017	0.0
		<b>Sep-24</b>	<b>Aug-24</b>	<b>Jul-24</b>	<b>3-mo Avg</b>	<b>6-mo Avg</b>	<b>12-mo Avg</b>
<b>Months' Supply at Current Sales Rate (Levels)</b>		<b>7.6</b>	7.9	7.6	7.7	7.9	8.1

Source: Bureau of the Census