

# October New Home Sales

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- New single-family home sales declined 17.3% in October to a 0.610 million annual rate, well below the consensus expected 0.725 million. Sales are down 9.4% from a year ago.
- Sales in October fell in the South and West, but rose in the Northeast and Midwest.
- The months' supply of new homes (how long it would take to sell all the homes in inventory) increased to 9.5 in October. The gain was due to both the slower pace of sales and a 10,000 unit increase in inventories.
- The median price of new homes sold was \$437,300 in October, up 4.7% from a year ago. The average price of new homes sold was \$545,800, up 9.4% versus last year.

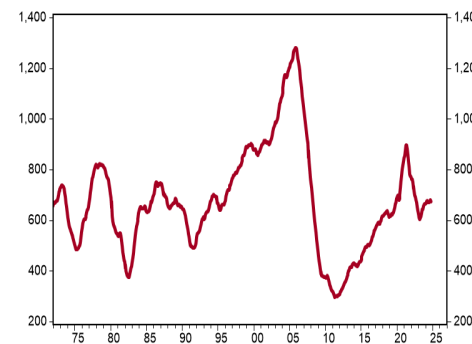
**Implications:** New home sales posted the largest monthly decline since 2013 in October, coming in well below consensus expectations and hitting the slowest pace in two years. However, it looks like this was a result of one-off factors surrounding Hurricanes Helene and Milton, which temporarily delayed sales. The southern region, which is the largest in the US, was almost solely responsible for the decline in October and took the brunt of the extreme weather. Keep in mind 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, so we saw the impacts here first and will likely see a rebound in the months ahead. That said, the housing market continues to face other challenges. While thirty-year fixed mortgage rates were falling in the lead up to the initial Fed rate cut announcement in September, that has reversed with rates back above 7%. One piece of good news for potential buyers is that, even though prices are up in the past year, the median sales price of new homes is down 5% 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 265% 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 are giving potential buyers a wider array of options will eventually help fuel a rebound in new home sales. In other housing news this morning, home prices rose in September, with the national Case-Shiller index up 0.3% and the FHFA index jumping 0.7%. In the last twelve months, these indices are up 3.9% and 4.4%, respectively. On the manufacturing front, the Richmond Fed index remained unchanged at -14 in November, highlighting ongoing weakness in that sector.

New 1-Family Houses For Sale: United States  
 EOP, SA, Thous



Source: Census Bureau/Haver Analytics

New 1-Family Houses Sold: United States  
 12-month Moving Average SAAR, Thous



Source: Census Bureau/Haver Analytics

New Home Sales	Oct-24		Sep-24	Aug-24	3-mo moving avg	6-mo moving avg	Yr to Yr % Change
	% Ch	Level					
<i>All Data Seasonally Adjusted, Levels in Thousands</i>							
<b>New Single Family Homes Sales</b>	<b>-17.3%</b>	<b>610</b>	738	690	679	682	-9.4
<b>Northeast</b>	<b>53.3%</b>	<b>46</b>	30	21	32	31	35.3
<b>Midwest</b>	<b>1.4%</b>	<b>73</b>	72	74	73	77	15.9
<b>South</b>	<b>-27.7%</b>	<b>339</b>	469	436	415	413	-19.7
<b>West</b>	<b>-9.0%</b>	<b>152</b>	167	159	159	162	-1.3
<b>Median Sales Price (\$, NSA)</b>	<b>2.5%</b>	<b>437,300</b>	426,800	405,700	423,267	421,183	4.7
		<b>Oct-24</b>	<b>Sep-24</b>	<b>Aug-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>9.5</b>	7.7	8.2	8.5	8.4	8.3

Source: Bureau of the Census