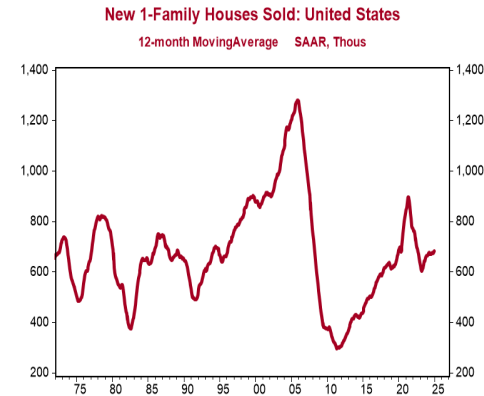


# December New Home Sales

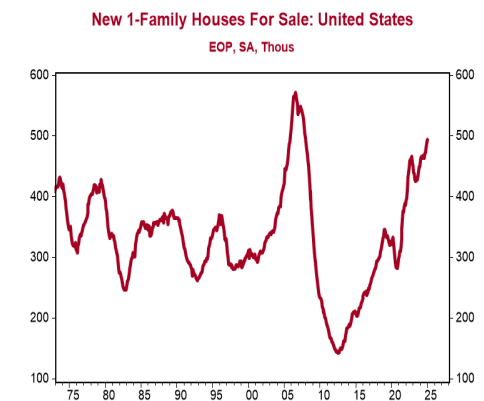
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- New single-family home sales increased 3.6% in December to a 0.698 million annual rate, beating the consensus expected 0.675 million. Sales are up 6.7% from a year ago.
- Sales in December rose in the Northeast and West, but fell in the Midwest and South.
- The months' supply of new homes (how long it would take to sell all the homes in inventory) declined to 8.5 in December. The drop was entirely due to the faster pace of sales. Inventories increased by 6,000 units in December.
- The median price of new homes sold was \$427,000 in December, up 2.1% from a year ago. The average price of new homes sold was \$513,600, up 4.2% versus last year.

**Implications:** New home sales continued to rebound in December from hurricane-related weakness in prior months, rising for the second month in a row to finish 2024 on a healthy note. Looking at the big picture, buyers purchased 682,000 homes, up 2.4% from 2023. That is the second calendar year gain in a row, but sales still remain well below the highs of the pandemic. Though we expect the upward trend in sales to continue in 2025, the housing market continues to face 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 7.2% from the peak in October 2022. Meanwhile, the Census Bureau reports that from Q3 2022 to Q3 2024 (the most recent data available) the median square footage for new single-family homes built fell 6.0%. So, it does look like a small part of this decline reflects a lower price per square foot as developers cut prices. While that decline is modest, it represents a stark reversal from the 45% gain in the price per square foot 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 280% 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 help fuel new home sales in 2025.



Source: Census Bureau/Haver Analytics



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New Home Sales	Dec-24		Nov-24	Oct-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>3.6%</b>	<b>698</b>	674	615	662	685	6.7
<b>Northeast</b>	<b>41.7%</b>	<b>34</b>	24	40	33	30	25.9
<b>Midwest</b>	<b>-3.3%</b>	<b>87</b>	90	76	84	81	40.3
<b>South</b>	<b>-2.1%</b>	<b>423</b>	432	355	403	418	0.5
<b>West</b>	<b>20.3%</b>	<b>154</b>	128	144	142	156	6.9
<b>Median Sales Price (\$, NSA)</b>	<b>6.1%</b>	<b>427,000</b>	402,500	425,300	418,267	418,450	2.1
		<b>Dec-24</b>	<b>Nov-24</b>	<b>Oct-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>8.5</b>	8.7	9.4	8.9	8.4	8.3

Source: Bureau of the Census