

U.S. Data Review

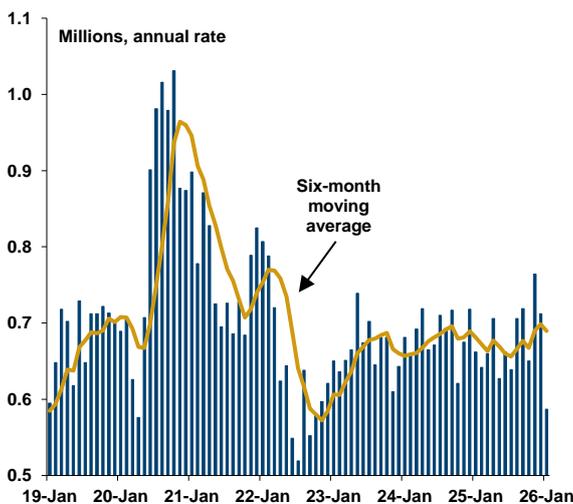
- New home sales: substantial drop possibly influenced by winter weather; prices ease; inventories tilt higher

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New Home Sales

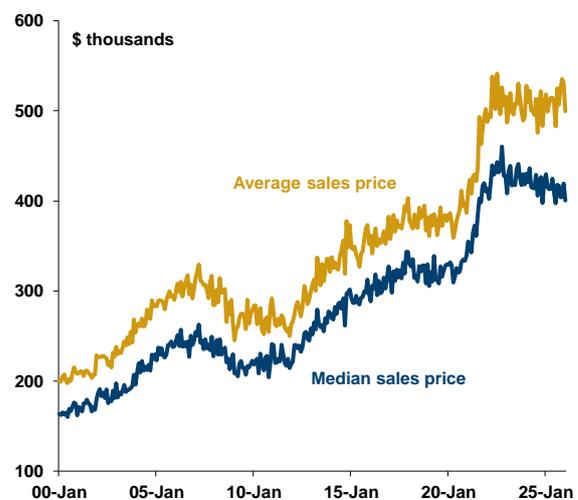
- Sales of new homes surprised to the downside in the first month of 2026, dropping 17.6 percent to 0.587 million units, annual rate, from a downwardly revised 0.712 million in the prior month (-11.3 percent year-over-year; chart, below left) – a softer result than all projections submitted to the Bloomberg economist survey (forecast range of 0.675 million to 0.800 million). Contextualizing the deterioration, the latest shift was the sharpest month-to-month decline since July 2013 and leaves the pace of activity at its slowest since October 2022. January's disappointing performance can be attributed (at least in part) to weather effects stemming from severe winter storms rolling across a large portion of the country. On the point, all four major geographical regions registered month-to-month declines in January. The Northeast, Midwest, and West posted substantial decreases of 44.7, 33.9, and 21.6 percent, respectively, to 0.026, 0.072, and 0.127 million units. The South, meanwhile, recorded a more modest drop of 8.1 percent to 0.362 million.
- Potential special factors aside, keep in mind that this series is inherently volatile (range of -17.6 to +17.5 percent in the past six months), with revisions often large. Moreover, a 90 percent confidence interval of ± 13.3 percent associated with January's estimate indicates a relatively high degree of uncertainty. With that in mind, observing this series through a six-month moving average can help to smooth out short-term fluctuations in sales discern an underlying trend (trailing average of 0.698 million in the period ending December 2025). After easing for approximately two years, on balance, between 2020 and 2022, sales tilted higher and have since leveled out at a pace similar to what prevailed just prior to the onset of the pandemic. Thus, we wouldn't be shocked if the January's decline is ultimately revised, or if sales rebound in February to a pace closer to the underlying trend.
- The median sales price of a new home dipped 4.5 percent to \$400,500 (not seasonally adjusted). On a year-over-year basis, prices eased 6.8 percent. Concurrently, the average sales price decreased 5.9 percent to \$499,500 (-3.6 percent year-over-year). Despite the cooling in prices in January and easing in mortgage rates, affordability remains a key constraint on the broader housing market – an issue that is likely to persist in the months ahead (chart below right).

New Home Sales



Source: U.S. Census Bureau via Haver Analytics

Sales Price of New Homes*



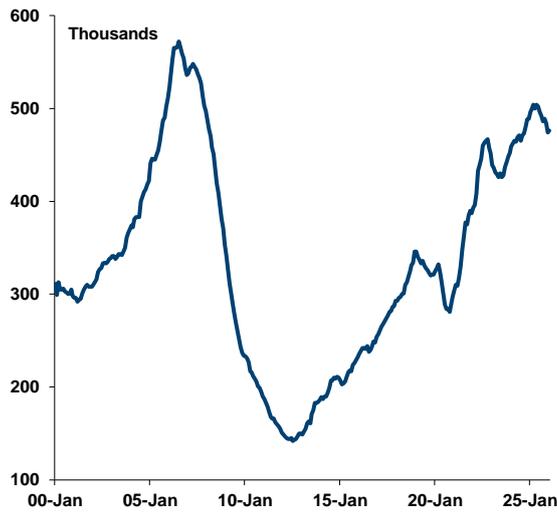
* Not seasonally adjusted

Source: U.S. Census Bureau via Haver Analytics

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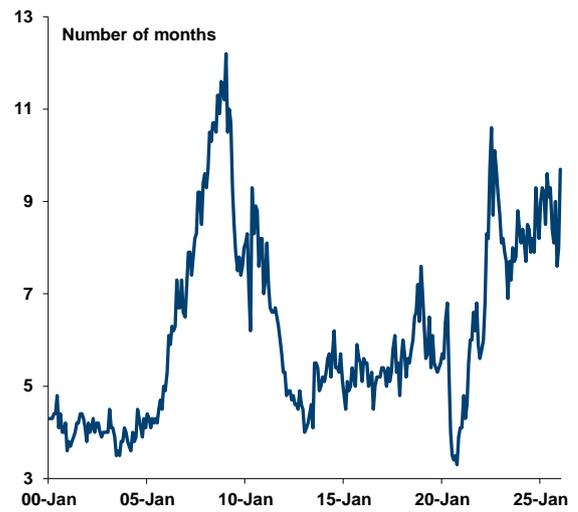
- The inventory of unsold new homes rose 0.4 percent to 0.476 million units (not annualized; -4.0 percent year-over-year), its first month-to-month advance since October 2025. Broadly speaking, while inventories are currently below the peaks seen during the housing bubble episode of the mid-2000s, they remain elevated from a long-term perspective. The latest deceleration in sales contributed to 1.7-month increase in the months' supply of unsold new homes to 9.7 months – a result only somewhat below the cycle high of 10.6 months and indicative of a supply glut in the new home space (charts, below). (The inventory situation, however, stands in contrast to relatively lean supplies in the existing homes segment of the market.)

Inventory of Unsold New Homes



Source: U.S. Census Bureau via Haver Analytics

Months' Supply of Unsold New Homes



Source: U.S. Census Bureau via Haver Analytics