



New Home Sales Sharply Lower in October, But There's a Catch

Even on a good day, the Census Bureau's New Residential Sales report has a notoriously wide margin of error. But today's 12.8% margin of error isn't even the best counterpoint to today's ostensibly alarming 17.3% month over month decline. After all, that would still be at least a 4.5% decline.

Another counterpoint--also not remotely the best one--would be that home sales continue to operate in the same sideways range that's been intact for nearly 2 years now:



So what is the best "yeah but?" It's very simple, and it should become clear when you take a look at the geographical distribution of this month's losses.



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New Privately-Owned Houses Sold and For Sale

(Thousands of Units. Detail may not add to total because of rounding.)

Table 1a - Seasonally adjusted

| Period | Sold during period ¹ | | | | |
|---------------------------------------|---------------------------------|--------------|-------------|---------------|--------------|
| | United States | North-east | Mid-west | South | West |
| 2023 | | | | | |
| October | 673 | 34 | 63 | 422 | 154 |
| November | 611 | 26 | 80 | 367 | 138 |
| December | 654 | 27 | 62 | 421 | 144 |
| 2024 | | | | | |
| January | 664 | 54 | 81 | 367 | 162 |
| February | 643 | 43 | 74 | 368 | 158 |
| March | 683 | 42 | 82 | 395 | 164 |
| April | 736 | 32 | 86 | 459 | 159 |
| May | 672 | 23 | 84 | 416 | 149 |
| June | 672 | 30 | 78 | 411 | 153 |
| July (r) | 707 | 33 | 79 | 404 | 191 |
| August (r) | 690 | 21 | 74 | 436 | 159 |
| September (r) | 738 | 30 | 72 | 469 | 167 |
| October (p) | 610 | 46 | 73 | 339 | 152 |
| Average RSE (%) ³ | 11 | 34 | 21 | 17 | 13 |
| Percent Change ⁴ | | | | | |
| Oct. 2024 from Sep. 2024 | -17.3% | 53.3% | 1.4% | -27.7% | -9.0% |

For those that gloss over at the sight of big tables of numbers, the critical observation here is whopping 27.7% decline in home sales in the South, as well as the fact that the outright number of sales is far below any other month going back to October 2023. In fact, every other region has at least 3 other months in the past 12 that have come in lower.

Connecting the dots, many of us will remember that October brought the uniquely disruptive category 5 Hurricane Milton. Long story short, it would have been a surprise NOT to see a massive drop in home sales activity in the south in October. Really, the only curiosity here is that economic forecasters didn't have weather effects priced into their models.