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U.S. new home sales fall in Sept.

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WASHINGTON · Sales of new U.S. single-family homes fell in September, partially reversing the prior month's jump, as higher mortgage rates depressed demand.



New home sales slipped 0.6% to a seasonally adjusted annualized rate of 676,000 units last month, the Commerce Department's Census Bureau said Tuesday. Data for August was revised lower to show sales rising to a rate of 680,000 units instead of the previously reported 684,000 units.

New home sales are counted at the closing of a contract, making them the most timely data on housing demand, though they account for a small share of U.S. home sales. They dropped in the Midwest and South regions but soared in the Northeast and West.

Sales declined 5.3% on a yearover-year basis in September.

The average rate on a 30-year fixed-rate mortgage has surged by more than 130 basis points since the U.S. and Israel attacked Iran at the end of February. It averaged 7.32% last week, data from mortgage finance firm Freddie Mac showed.

Higher mortgage rates have helped to fan what economists describe as an affordability crisis, a theme that has dominated campaign messaging ahead of next Tuesday's midterm elections.

A National Association of Home Builders survey last week showed builders' expectations of home sales over the next six months tumbled to the lowest level since April 2012, excluding the plunge early in the COVID-19 pandemic.

The median new-house price dropped 3.9% to a still-high $400,400 in September from a year earlier, likely the combination of weak demand and developers cutting prices. Most of the homes sold in September were priced below $499,999.

The supply of new houses on the market fell to 476,000 units from 481,000 units in August. At September's sales pace, it would take 8.4 months to clear the inventory, down from 8.5 months in August.

The still-elevated housing inventory is also discouraging builders from breaking new ground on single-family housing projects. The government reported last week a sharp drop in single-family

housing starts in September and slump in permits for future construction to a 3-1/2year low.