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New single-family home sales slide in July amid high rates

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Sales of new U.S. single-family homes tumbled in July as high mortgage rates and prices weighed on the market and continued to sideline potential homebuyers.

Note

New home sales dropped 10.5% to a seasonally adjusted annualized rate of 607,000 units last month from June's upwardly revised pace, the Commerce Department's Census Bureau said Tuesday. New home sales, which are counted at the closing of a contract, account for a small share of U.S. home sales and tend to be volatile on a month-tomonth basis. They fell 6.3% on a yearover-year basis in June.

The median new house price of $393,800 in July was 0.9% lower than a year earlier.

Steep borrowing costs are a key factor keeping the housing in a deep funk.

The average interest rate on a 30-year, fixed-rate mortgage — the most popular type of U.S. home loan — is near the highest level in more than a year with little prospect for an immediate break for would-be homebuyers, thanks to inflation-wariness among Federal Reserve officials and across bond markets.

The Mortgage Bankers Association last week said the 30-year mortgage contract rate held at 6.77% in the week ended Aug. 14, just shy of its recent high of 6.81% at the end of July. Note

Mortgage rates have now climbed by around 0.60 percentage points since the U.S. and Israel launched attacks against Iran in late February, driving up global oil prices and helping fuel higher inflation more broadly.

Prices by the measure used by the Fed for its 2% inflation target have been rising at nearly twice that pace, though data due on Wednesday may show they moderated for a second straight month in July.

The Fed has held rates steady since last December, though at last month's meeting three policymakers dissented against that decision, preferring that rates be lifted to thwart inflation that has held above target for more than five years.