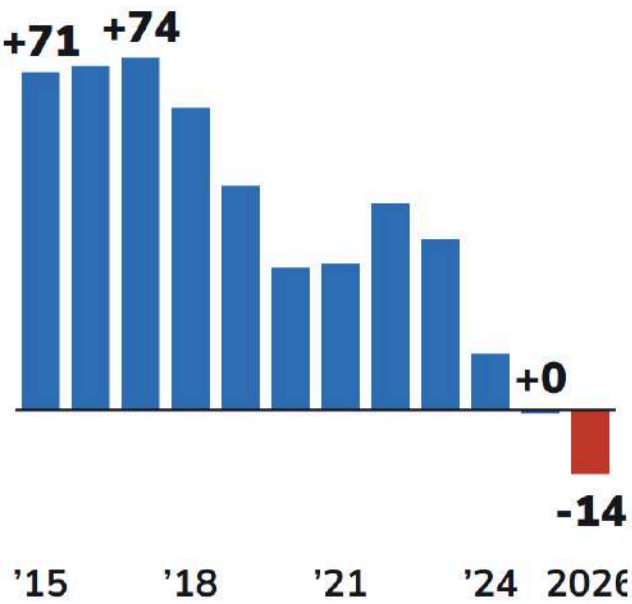


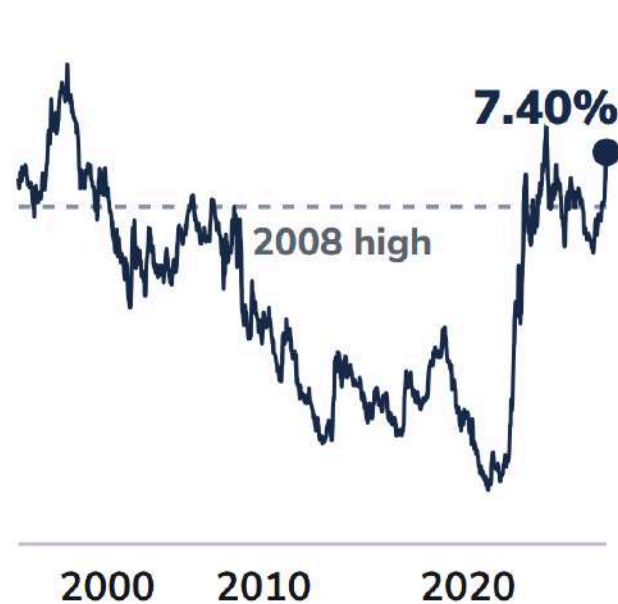
US housing is showing cracks

Mortgage rates are above their 2007-08 levels and new homes for sale are back near them. The typical new home now costs less than an existing one. Households are stretched by longer job searches and pay that trails prices. More mortgages are falling behind, at the highest rate since 2015.

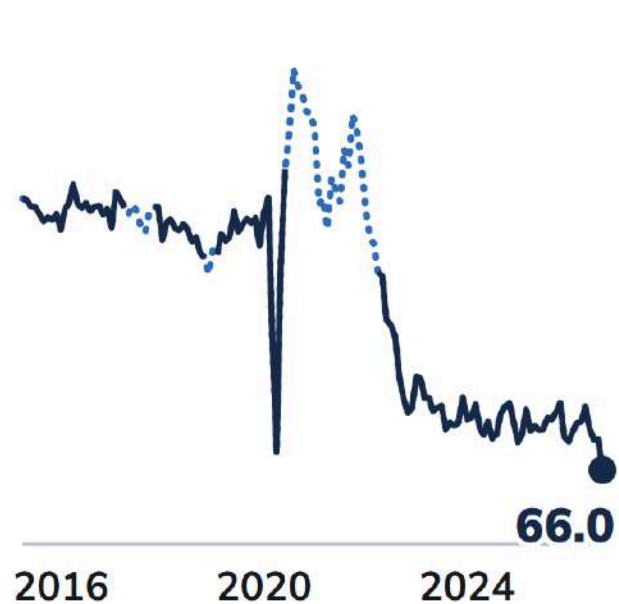
New minus existing
\$K. New is now cheaper



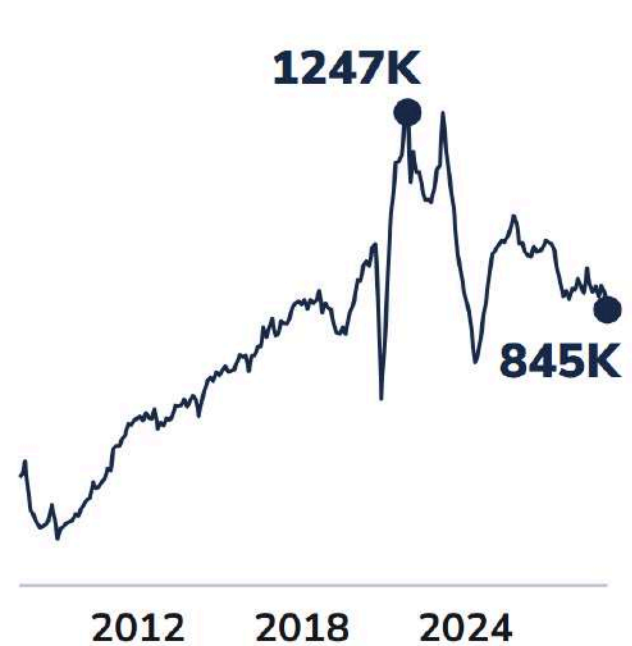
Mortgage rate
%. Above 2008's 6.63%



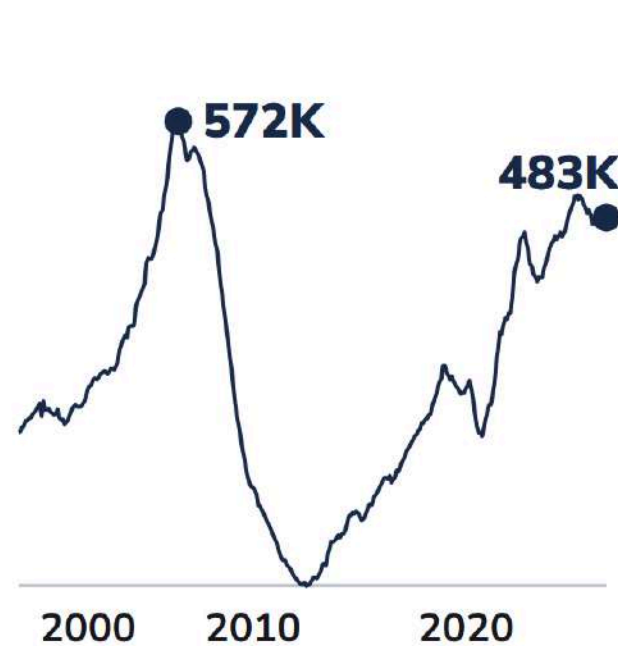
Pending home sales
Index. Lowest since 2001



Single-family permits
K a year. Lowest since 2023



New homes for sale
K. Back near early 2008



90+ day flow rate
%, a year. Highest since 2015



Each measure against its 2018-19 average and a year ago

- Mortgage rates are at 7.40%, the highest since November 2023. Pending home sales are the lowest since NAR's index began in 2001, and builders are the gloomiest since 2012.
- Prices are still rising, and the 90+ day flow rate is the highest since 2015.

MEASURE	LATEST		STATUS	LAST 3 MONTHS
Mortgage rate, 30-year	7.40%	Oct 15	Weak	✗
Pending home sales, YoY	-11.3%	Sep	Weak	✗
Existing homes sold, a year	3.99M	Sep	Weak	✗
Builder sentiment (NAHB)	29	Oct	Weak	✗
Single-family permits	845K	Sep	Weak	✗
Single-family starts	859K	Sep	Mixed	✗
New homes sold, a year	684K	Aug	Mixed	✓
Unsold new homes, months	8.5	Aug	Mixed	✓
Home prices, YoY	+1.9%	Jul	Holding	✓
Mortgages 90+ days late	0.99%	Q2	Mixed	✓
90+ day flow rate, a year	1.52%	Q2	Weak	✗

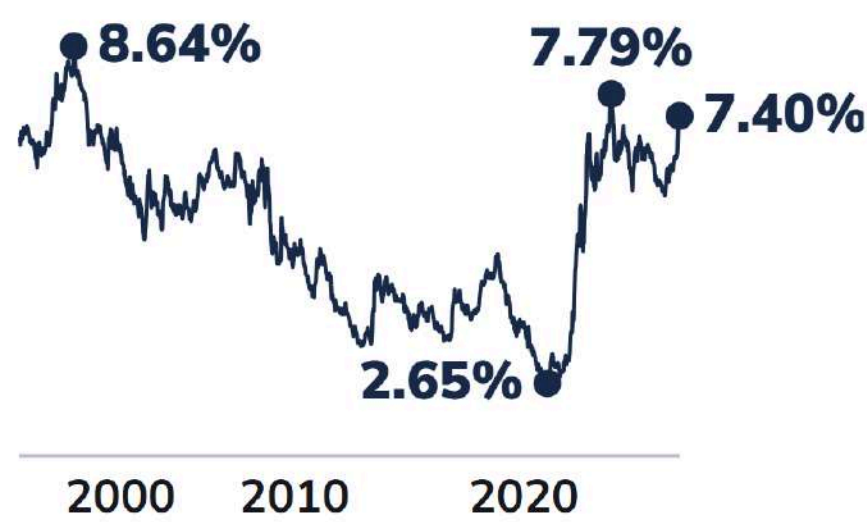
Status the latest reading against the 2018-19 average and a year ago: **Weak** worse than both, **Mixed** worse than one.

Last 3 months ✗ worse ↔ little change ✓ better. Holding: prices still rising. Pending sales are compared with a year ago only.

SOURCES [FRED](#) (Census, Freddie Mac, S&P Cotality Case-Shiller, NAR). [NAR pending sales, 20 Oct.](#) [NAHB/Wells Fargo HMI.](#) [NY Fed household debt.](#)

Mortgage rates are up 1.42 points since February, to 7.40%

30-year mortgage rate
%, weekly, since 1998. 2023 peak 7.79%



2026, week by week
■ Mortgage ■ 10-year, %

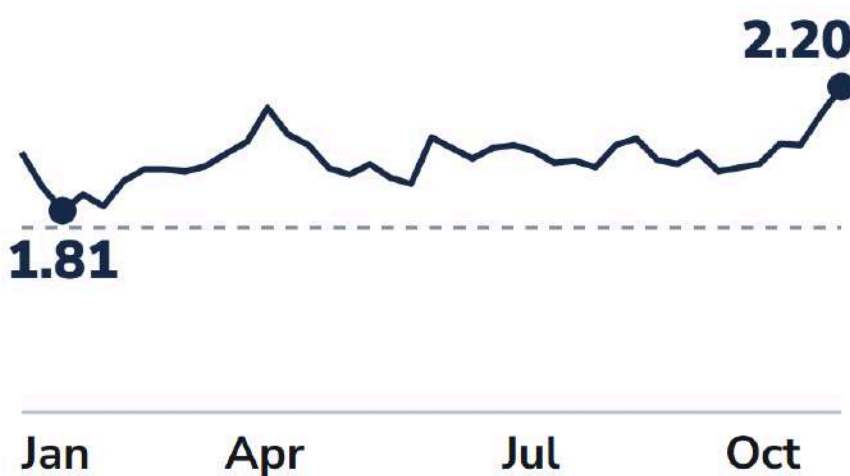


The gap over the 10-year, a stress gauge, is widening again

Mortgage minus 10-year
Points, monthly. Peaks Dec 2008 and Jun 2023. Dashed: 1998-2019 avg



The same gap in 2026
Points, weekly. 1.81 in Jan, 2.20 now

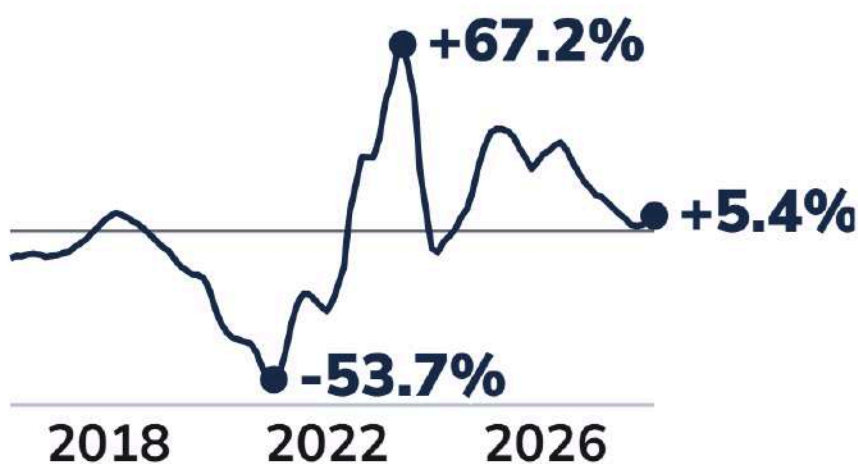


SOURCES Freddie Mac PMMS and Treasury via FRED ([MORTGAGE30US](#), [DGS10](#)). Gap uses the 10-year on Freddie Mac's survey days.

Pending home sales fell to 66.0 in September, a record low for NAR's index

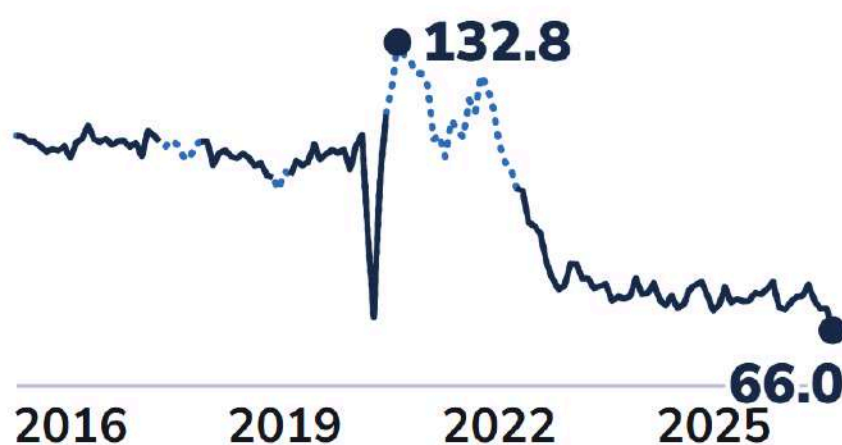
1. Listed Homes for sale

Realtor.com listings, YoY %.
1.16M in Sep



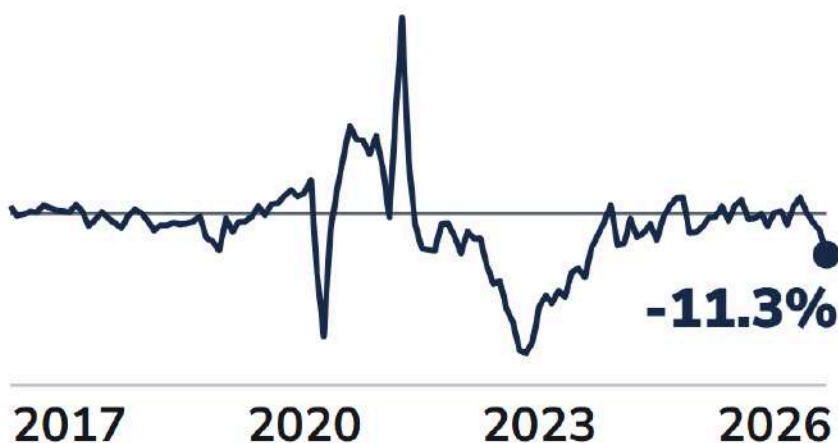
2. Contract Pending sales

NAR index, adjusted. — NAR tables ... NAR releases



2. Contract Pending sales

NAR, YoY %, adjusted index



3. Closed Home sales

NAR existing homes, YoY %.
3.99M a year in Sep



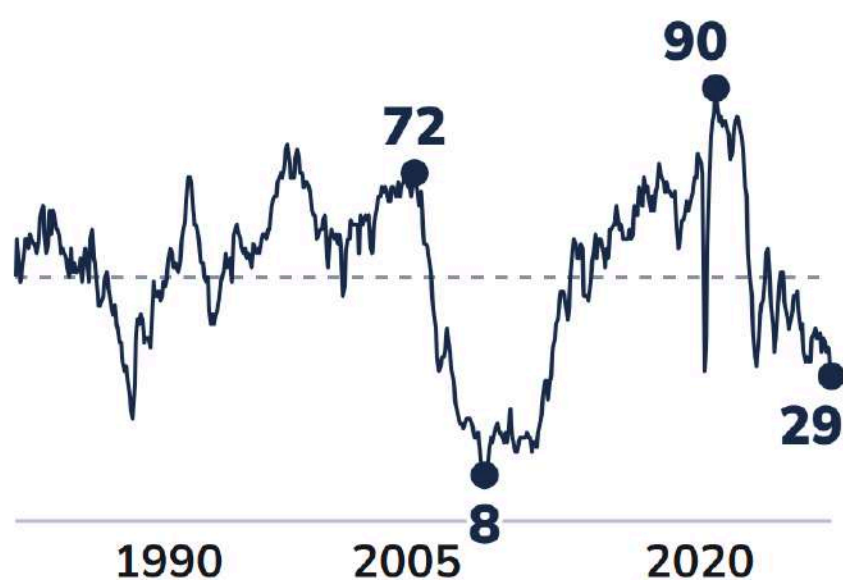
- Every region fell year on year, the West most (15.0%). Over 95% of borrowers have a rate below today's (CNBC), so fewer owners sell. **The other side:** NAR's chief economist says rates could be topping out, though energy prices make that uncertain.

SOURCES NAR Pending Home Sales Index ([Sep 2026](#)), history compiled from NAR reports and releases, web archives and news reports. Realtor.com via FRED ([ACTLISCOUUS](#)).

Builders are the gloomiest since 2012. Single-family permits are the lowest since March 2023

Builder sentiment

NAHB index, 0 to 100, since 1985. Dashed: 50



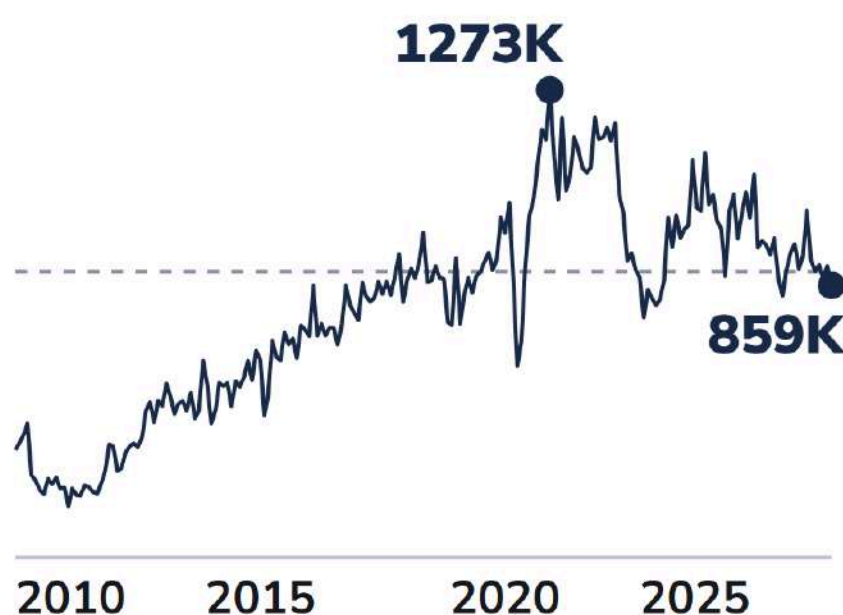
Single-family permits

K a year, since 2010. Dashed: 2019 avg. 2005 peak 1,798K



Single-family starts

K a year, since 2010. Dashed: 2019 avg 889K



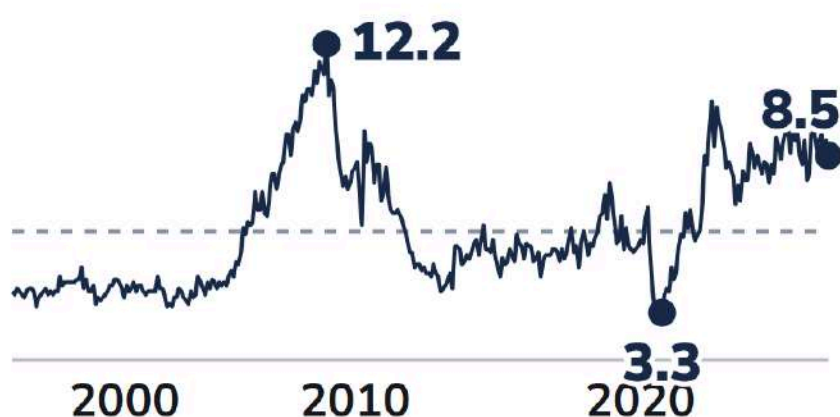
- Permits are down 32% from the January 2021 peak and 4.8% year on year. Starts are up 2.6%. Many builders are still trying to sell current projects, says Nationwide.
- 43% of builders cut prices in October, the most since at least 2020, by 6% on average. 65% used incentives.

SOURCES [NAHB/Wells Fargo HMI](#). Census via FRED ([PERMIT1](#), [HOUST1F](#)).

Unsold new homes would take 8.5 months to sell. Inventory is near its highest since 2007, and builders are cutting prices

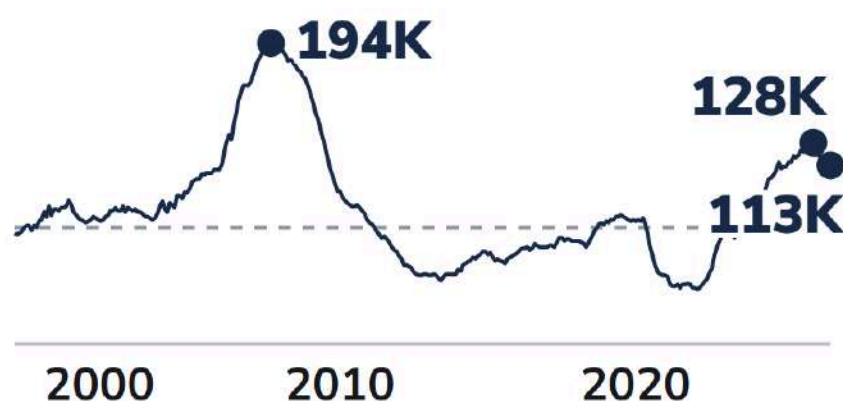
Months' supply, new homes

At the month's sales pace, since 1998. Dashed: 2018-19 avg 6.0



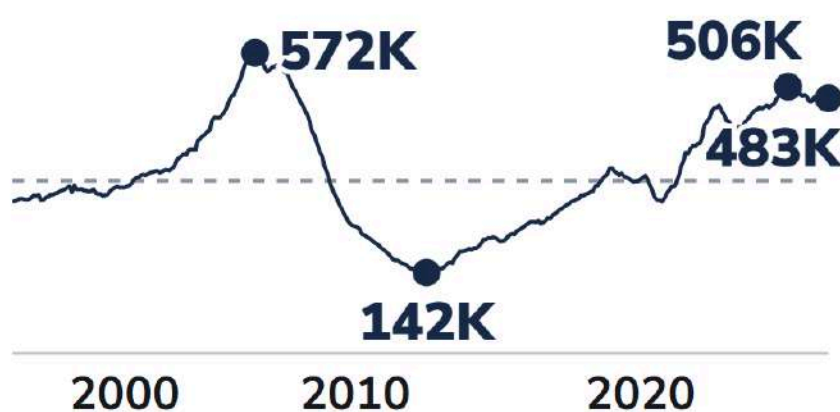
Finished new homes for sale

Inventory, K, since 1999. Dashed: 2018-19 avg 72K



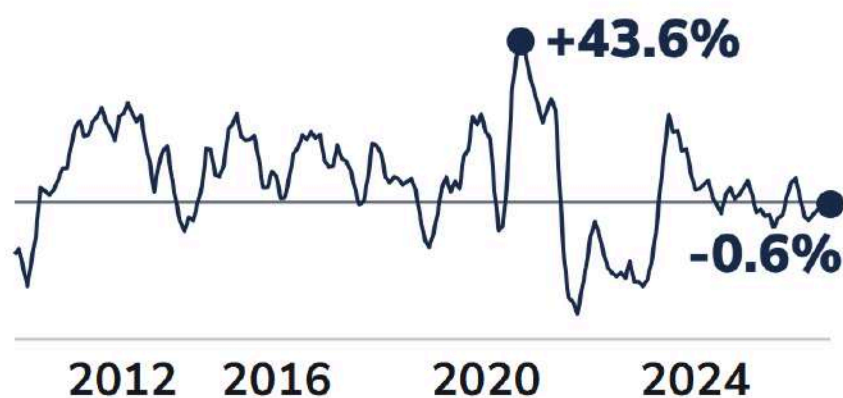
All new homes for sale

Inventory, K, since 1998. 506K in Mar 2025. Dashed: 2018-19



New homes sold, YoY

Census, 3-month average, % change. 684K a year in Aug



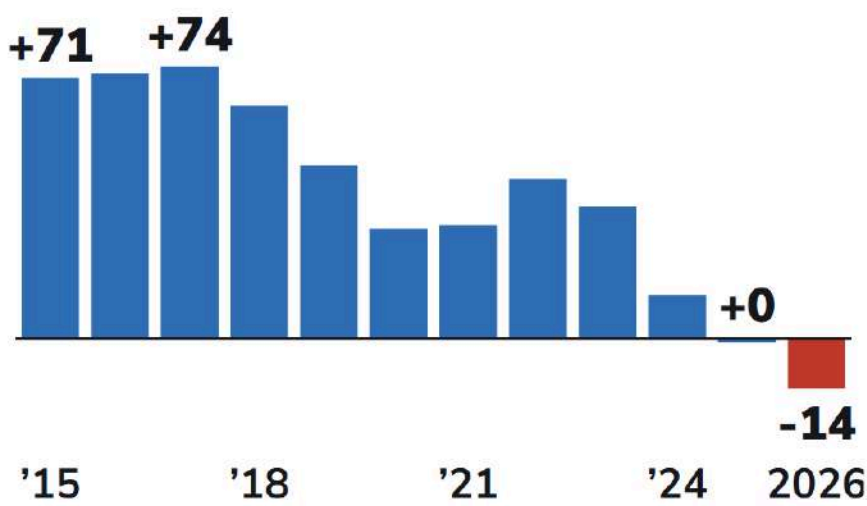
- Sales are back at their 2019 pace, with builders cutting prices; Nationwide says the cuts eat into margins. Homes for sale are 2% below a year ago, and finished homes are 113K against 191K in early 2008.

SOURCES Census via FRED ([MSACSR](#), [HNFSEPUSSA](#), [NHFSEPCS](#), [HSN1F](#)). [CNBC 20 Oct.](#)

The typical new home now costs less than an existing one

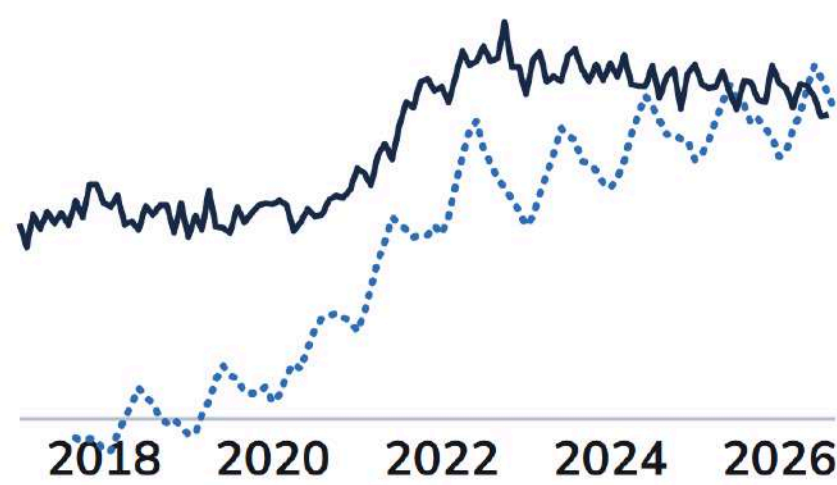
New minus existing price

Median, \$K, by year. 2026: Jan to Aug



New vs existing price

■ New ... Existing, \$, monthly



Median new home price

\$ and YoY %, since 2017



- The premium fell from \$74K in 2017 to about zero in 2025. New cost less in 16 of the 28 months since May 2024, the last 6 in a row.

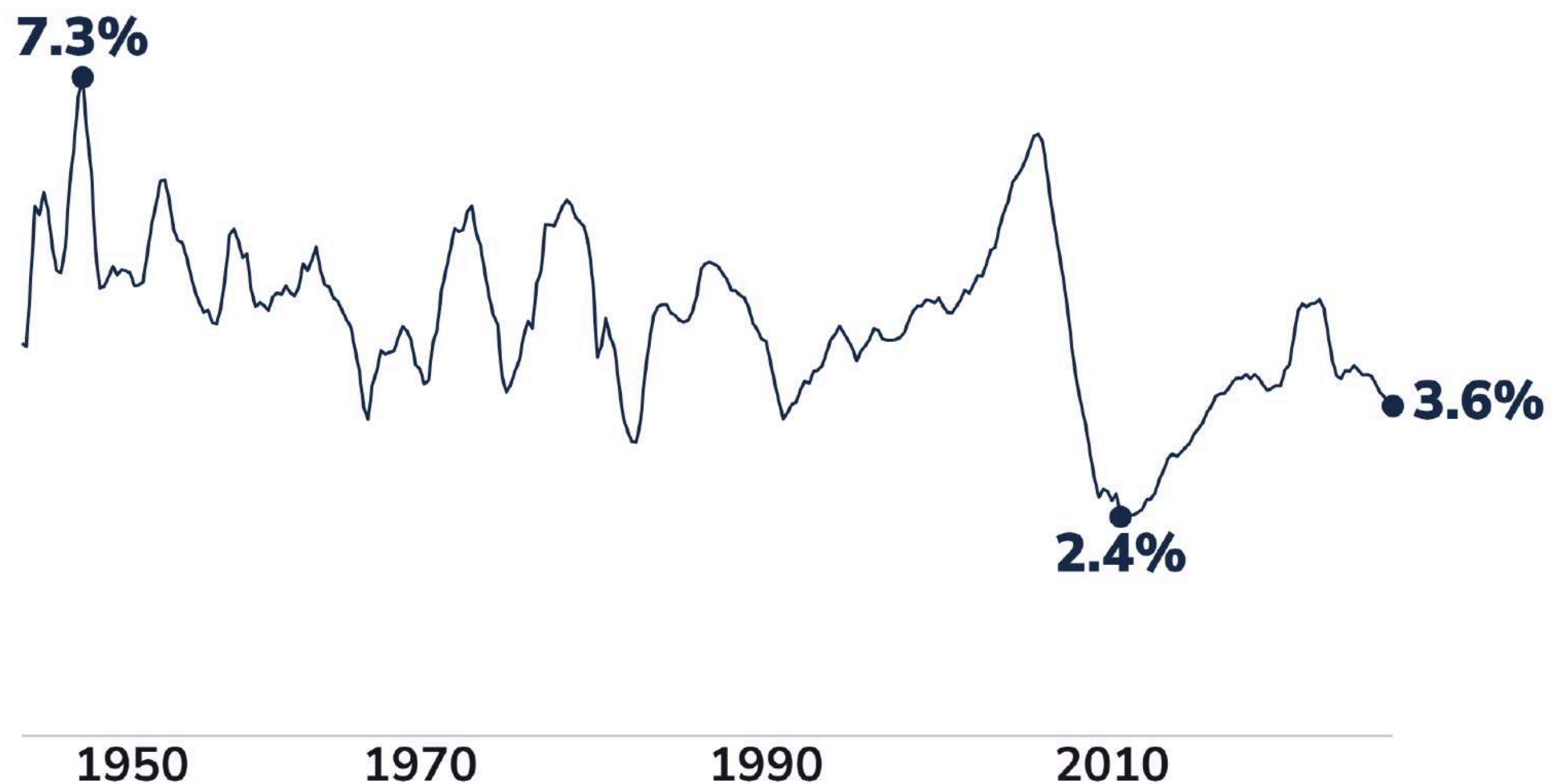
New minus existing is my calculation from the Census and NAR medians. The medians are not like for like: two-thirds of new homes sold in August were in the South, where the existing median is \$366K (\$428K nationally). It is best read for its direction, from +\$74K in 2017 to below zero this year.

SOURCES Census via FRED ([MSPNHSUS](#)). NAR existing-home sales ([Sep 2026](#)), history compiled from NAR reports and releases, web archives and news reports. Medians not seasonally adjusted.

Residential investment is 3.6% of the economy, the smallest share since 2015. Goldman sees it falling for three quarters

Residential investment, share of GDP

%, quarterly since 1947



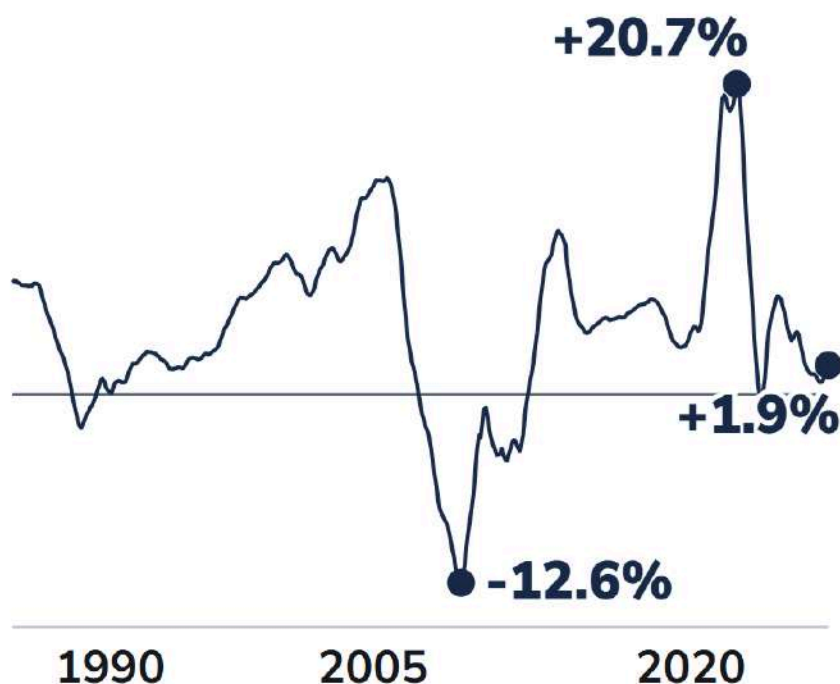
- Goldman Sachs expects residential investment to fall 2.5%, 4% and 1% over the next three quarters, possibly more if mortgage rates do not fall. It rose in the second quarter.
- Nationwide expects home building to stay weak into 2027, a modest drag on growth.
- **The other side:** Fed officials think AI investment could offset weaker parts of the economy such as housing, per CNBC.

SOURCES BEA via FRED ([PRFI](#), [GDP](#)). [CNBC 20 Oct \(Goldman, Fed\)](#). [CNBC 20 Oct \(Nationwide\)](#).

Home prices are still rising

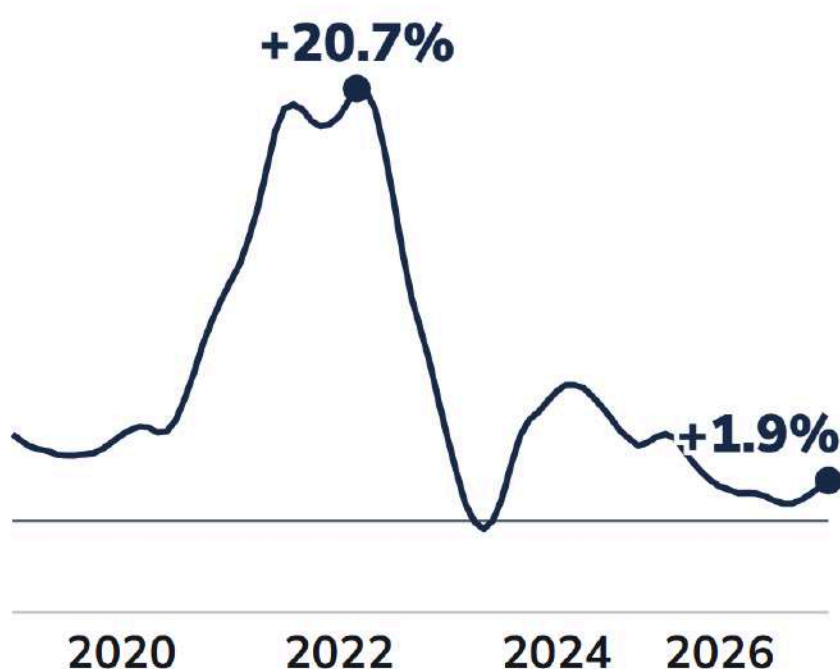
Home prices, YoY

Case-Shiller, %, since 1988



The same, since 2019

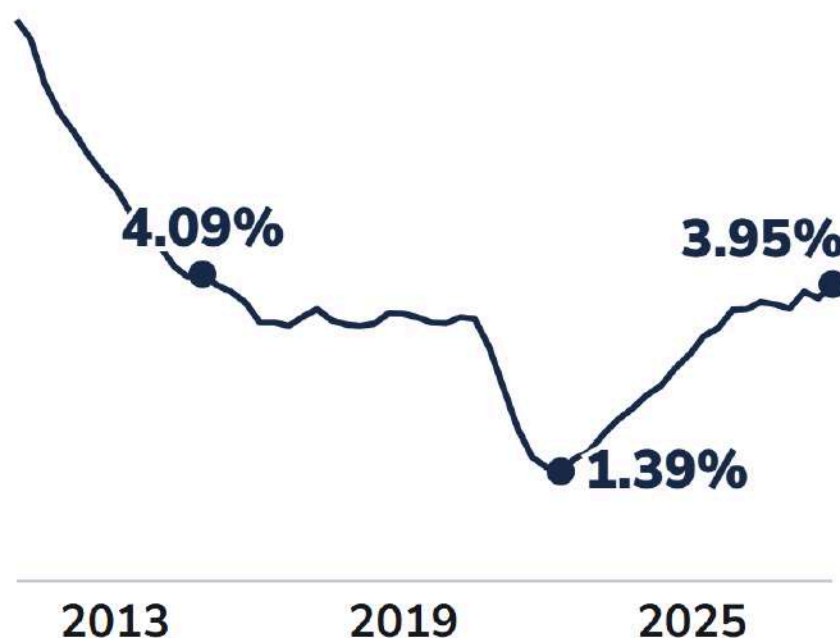
%. Up from 0.8% in March



More mortgages are falling behind

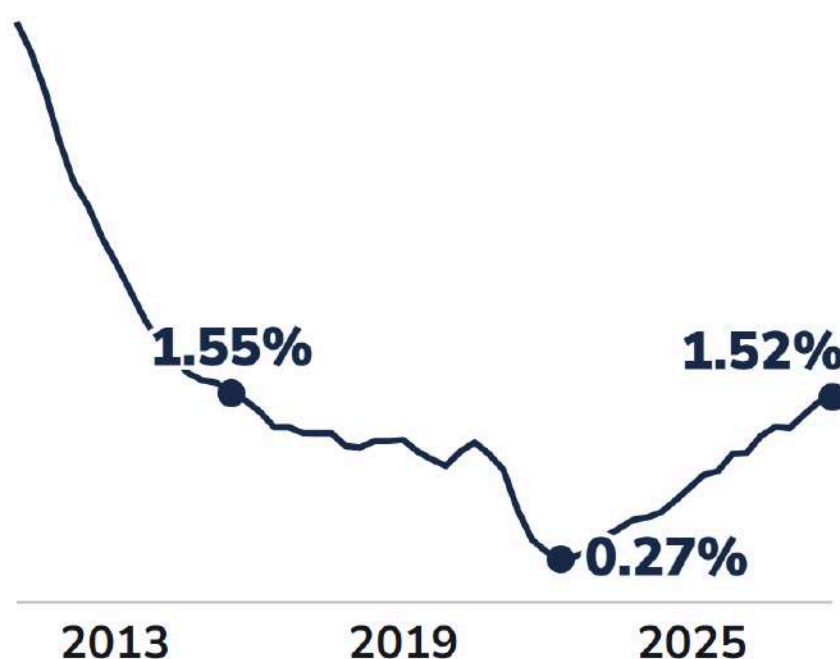
Turning 30+ days late

%, a year. Highest since 2015



90+ day flow rate

%, a year. Highest since 2015

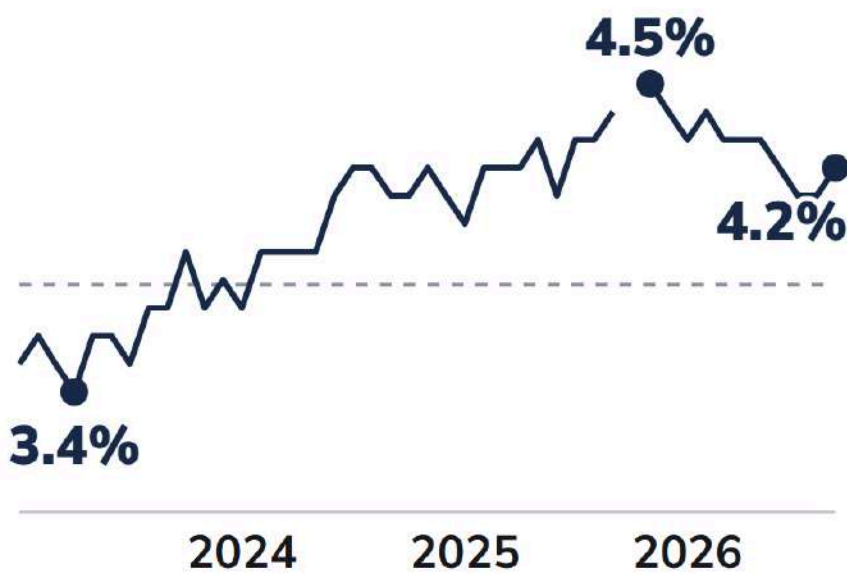


Both flows are far below 2009 (8.4% and 12.4%). Against their 2003-06 averages, the 90+ flow is just above (1.4%) and the 30+ flow is below (5.0%).

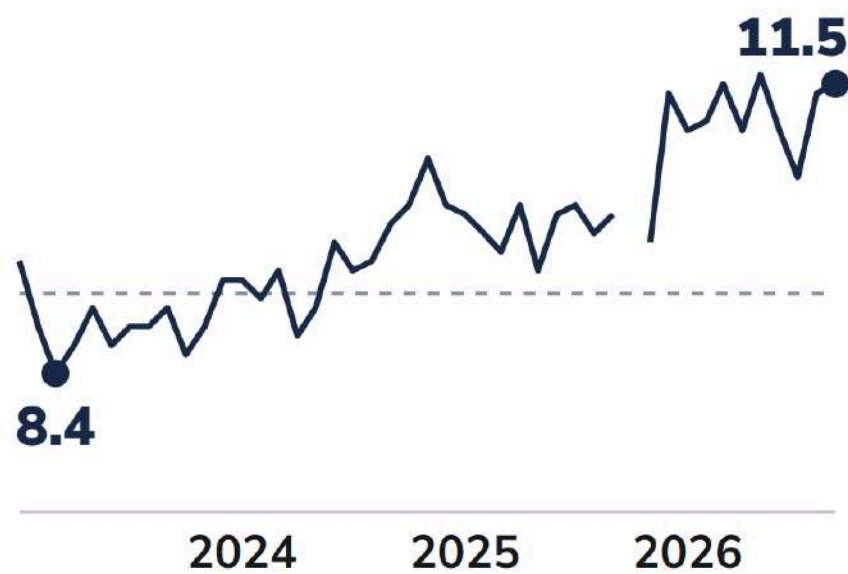
SOURCES S&P Cotality via FRED ([CSUSHPIISA](#)). [NY Fed household debt](#), Q2 2026. Flows: % of mortgage balances turning late in the year.

Households are stretched: longer job searches, pay behind prices, less saved

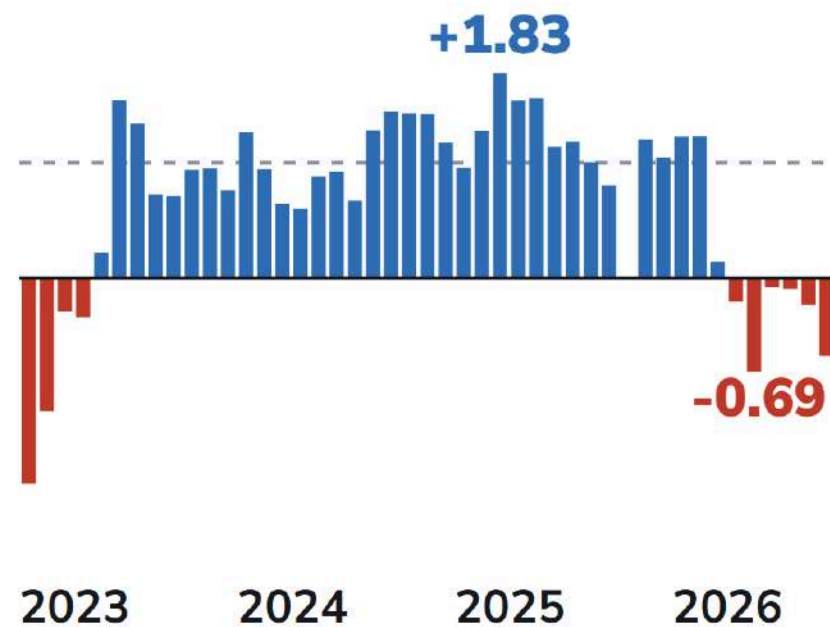
Unemployment rate
%. Eased from 4.5%, above 2023



Typical time out of work
Median weeks. Up from 8.4



Hourly pay minus prices
YoY points. Behind for 6 months



Saving rate
% of income. Lowest since 2022



Dashed: 2018-19 average. Weekly pay fell behind again in September.

SOURCES BLS and BEA via FRED ([UNRATE](#), [UEMPMED](#), [CES0500000003](#), [CES0500000011](#), [CPIAUCSL](#), [PSAVERT](#)). No October 2025 data (government shutdown).

From permit to sale, in plain words, and who counts what

These are plain-language summaries. For the exact definitions see [Census release notes](#), NAR methodology for [pending](#) and [existing home sales](#), and the [Realtor.com data dictionary](#).

New homes, built by builders

Permit ▶ Start ▶ Under construction ▶ Finished

Sold can happen at any stage. The Census counts a new home as sold when a deposit is taken or a sales agreement is signed, even before the permit. **Homes for sale** is the builders' inventory: not started, under construction or finished. **Months' supply** is homes for sale divided by the month's sales pace.

Existing homes, resold by owners

Listed for sale ▶ Contract signed ▶ Sale closed

NAR's **pending home sales** index tracks contracts signed in the month. A sale usually closes one or two months later. **Homes for sale** are listings on the market with no contract yet. Once a contract is signed a home leaves that count and becomes a **pending sale**.

Sources

- **Census:** permits, starts, new home sales, new homes for sale and their prices.
- **NAR** (the realtors' association): existing home sales, pending sales, existing home prices.
- **Realtor.com** (a listings website, via FRED): homes for sale, pending listings.
- **NAHB/Wells Fargo:** a monthly survey of builders. **Freddie Mac:** the weekly 30-year mortgage rate.
- **S&P Cotality Case-Shiller:** prices of the same homes sold again. **NY Fed:** household debt, from Equifax credit records.
- **BEA:** GDP, saving. **BLS:** jobs, pay, prices. **Treasury:** the 10-year yield.

SOURCES Census new residential sales release, [August 2026 \(24 Sep\)](#). [NAR pending sales, 20 Oct](#).

THIS BUILDS ON MY EARLIER ANALYSIS

18 Oct **A bond shock could spread faster**

Hedge funds hold a near-record share of Treasuries, much of it on borrowed money.

17 Oct **IMF's manifesto of warnings**

Bond yields and an AI correction among the risks; AI credit came under strain the same week.

12 Oct **US consumers: the pressure is building**

Late payments at 2010 levels for lower and middle incomes; new mortgage lates still rising.

4 Oct **US jobs, September 2026**

Fewer new jobs, longer searches, pay barely keeping up.

25 Sep **Bond markets have started acting**

The US 10-year closed above 5% for the first time since 2007.

14 Sep **The Fed is caught**

Most of the 10-year rise is the real cost of money, and a rate rise does not reach oil.

31 Aug **A correction in AI valuations is looking more likely**

A central bank, an asset manager and a bond investor make the case, in a 20-page deck.

21 Aug **NY Fed Q2 2026 household debt**

Mortgage and auto lates went the other way from the headline.

Not investment advice. This is my analysis of public sources, for information only. Care has been taken, but errors are possible. **Use of AI.** Parts of this work were prepared with AI under my direction. I reviewed, edited and approved every page. The analysis and conclusions are mine.