

The Big Freeze

7.4% mortgages, a 14-year low in builder confidence, a glut of new homes, and a Fed that may hike again

FinzData Research · US Housing · October 2026

Census, BLS and Treasury data kept point-in-time in the FinzData macro store

Three releases in two days, one message: housing is freezing

-7.3%

pending home sales in September (index 66.0), -11.3% on a year earlier: contracts signed, so October-November closings

-5.2%

housing starts, to 1.221m a year (economists expected 1.305m); -7.4% on a year earlier

845k

single-family permits, the fewest since March 2023 (-4.0% on the month)

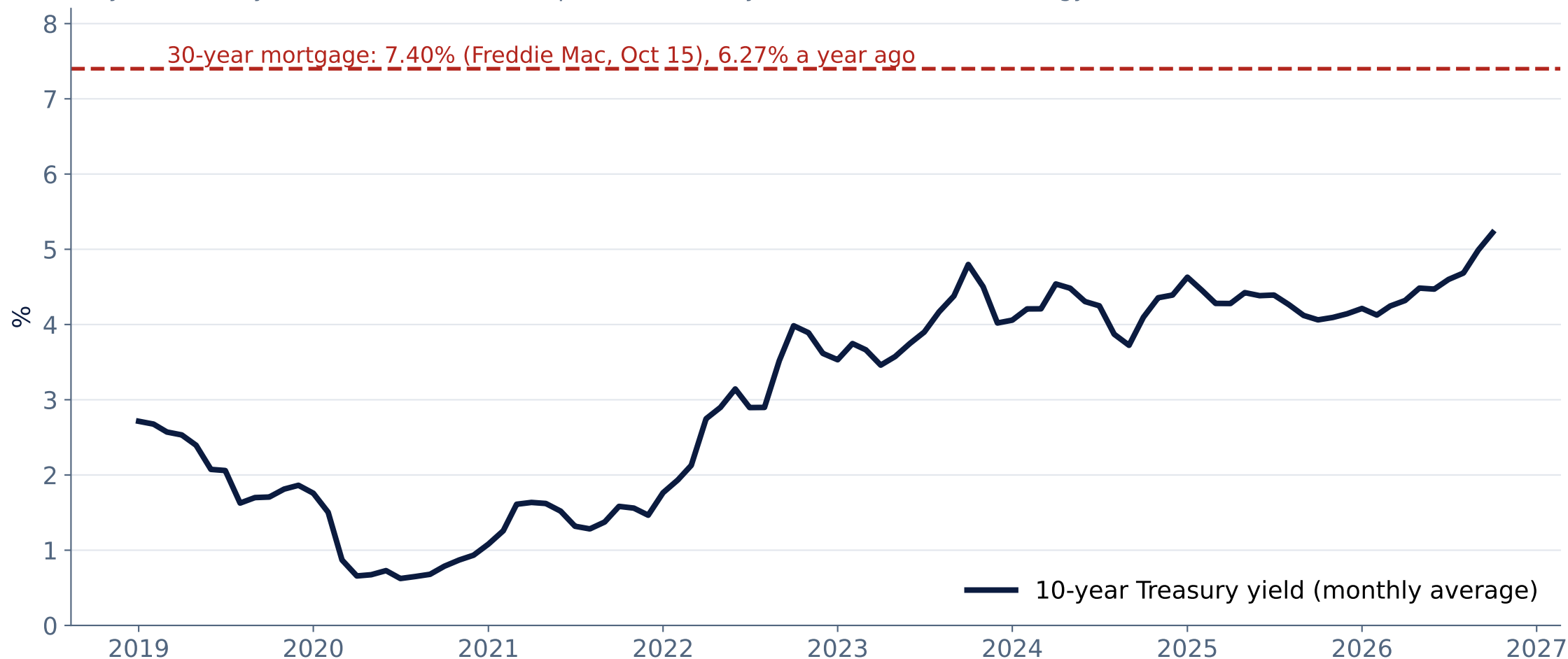
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NAHB builder confidence (Oct 19), the lowest since June 2012; buyer traffic 18

It starts with rates: mortgages at a three-year high

10-year Treasury 5.09% on 2026-10-16, up from 3.99% a year earlier, amid the energy shock

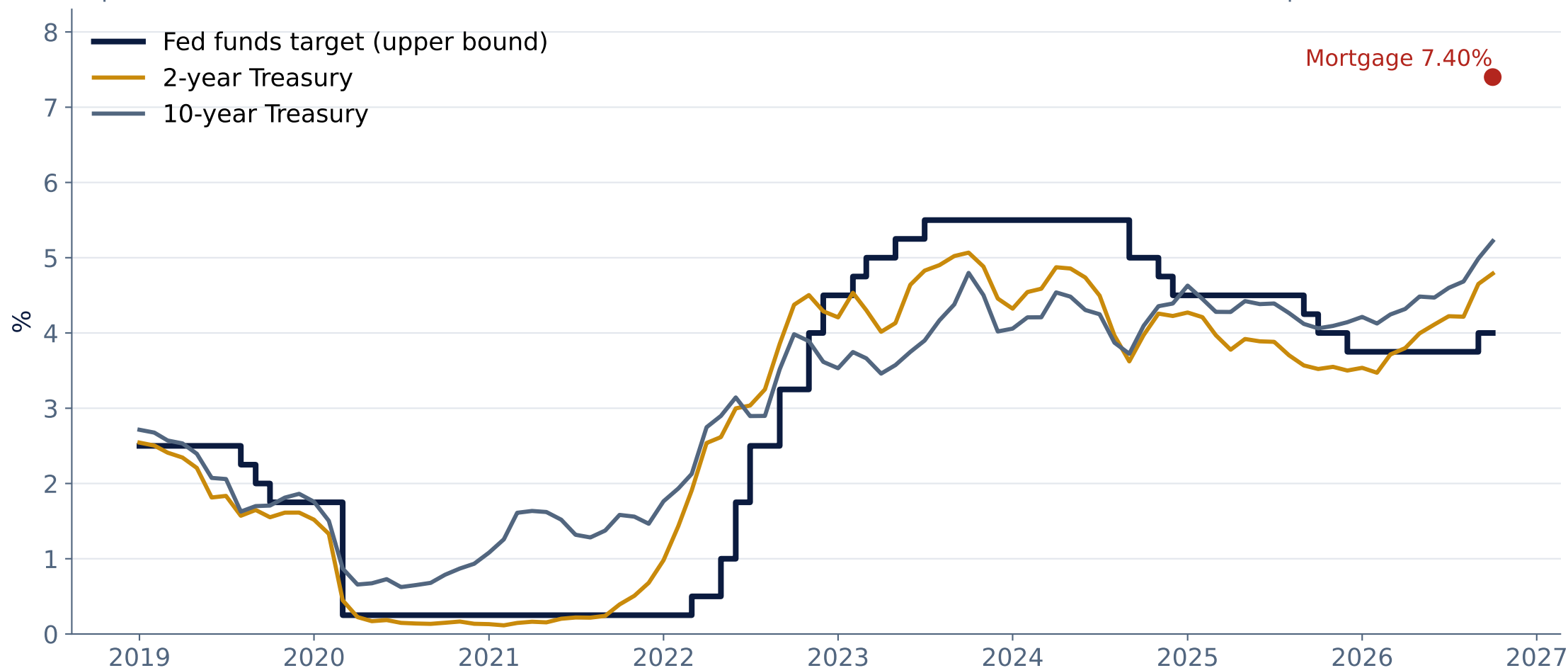
30-year mortgage: 7.40% (Freddie Mac, Oct 15), 6.27% a year ago



— 10-year Treasury yield (monthly average)

The Fed is hiking into a housing freeze

Sep 16: +0.25 to 3.75-4.00%, the first hike since 2023. Oct 28: ~86% hold. A December hike is ~84% priced



Mortgage 7.40%

Can housing afford another hike? The median family is already short

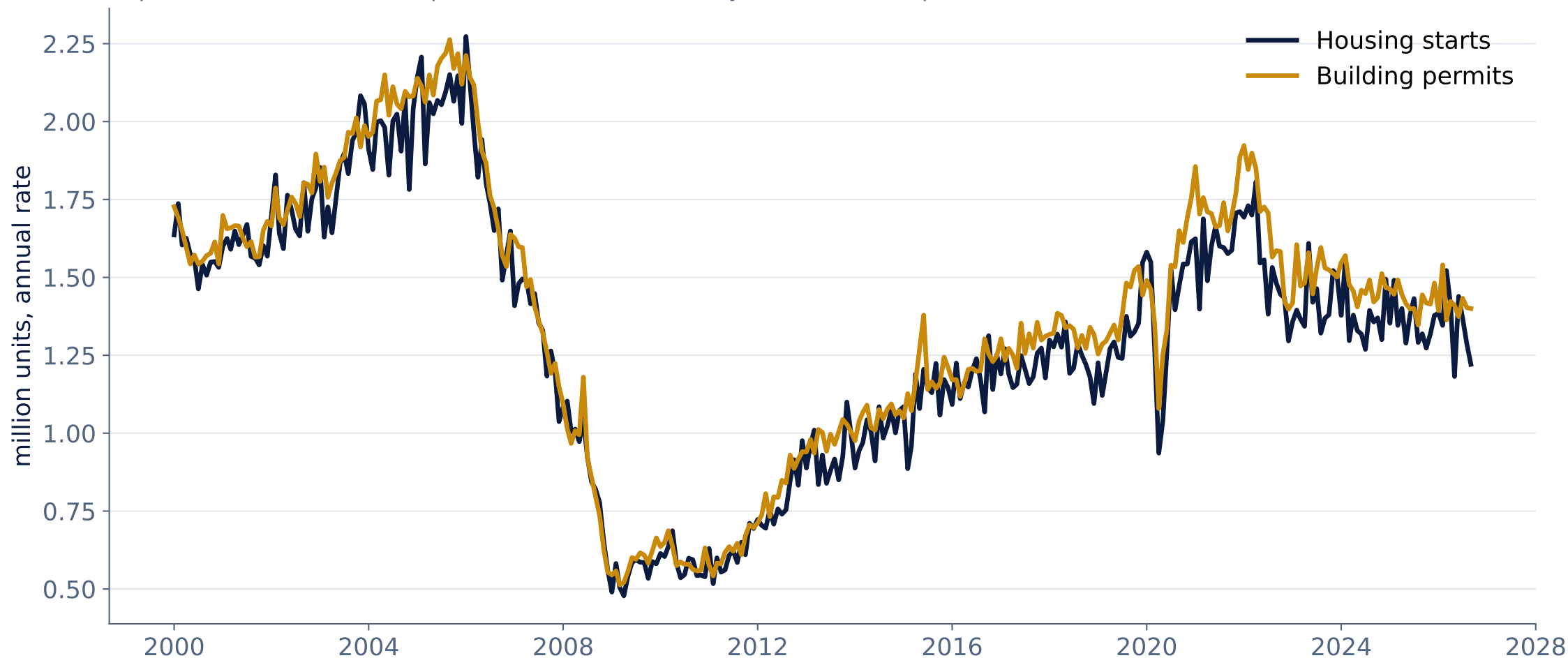
Median existing home \$417,500, 20% down, 30-year fixed, principal + interest. Median family income \$110,500 (2025)

Scenario	Rate	Payment	% of income	Income needed*	Qualifies?
A year ago	6.27%	\$2,061	22.4%	\$98,900	yes
If rates ease 0.25	7.15%	\$2,256	24.5%	\$108,300	yes
Today	7.40%	\$2,313	25.1%	\$111,000	no
+0.25 point	7.65%	\$2,370	25.7%	\$113,700	no
+0.50 point	7.90%	\$2,428	26.4%	\$116,500	no
+0.75 point	8.15%	\$2,486	27.0%	\$119,300	no

*Payment at most 25% of income. Each 0.25 point adds about \$57 a month and \$2,700 of required income; the rise from 6.27% a year ago added \$252 a month (+12%).

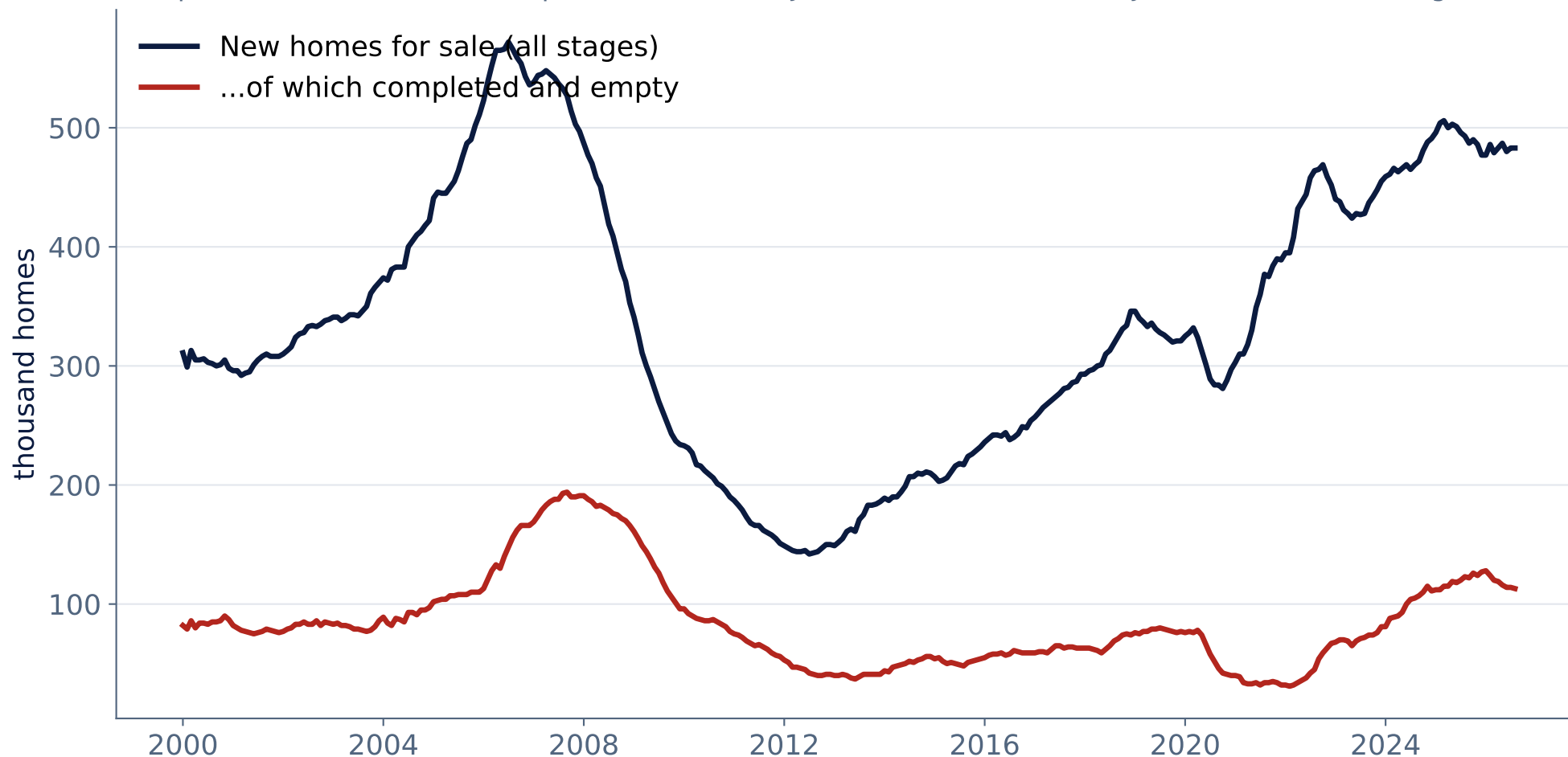
Builders are pulling back

September: starts 1.221m, permits 1.400m (-3.0% a year). The 2006 peak was 2.27m, the 2009 low 0.48m



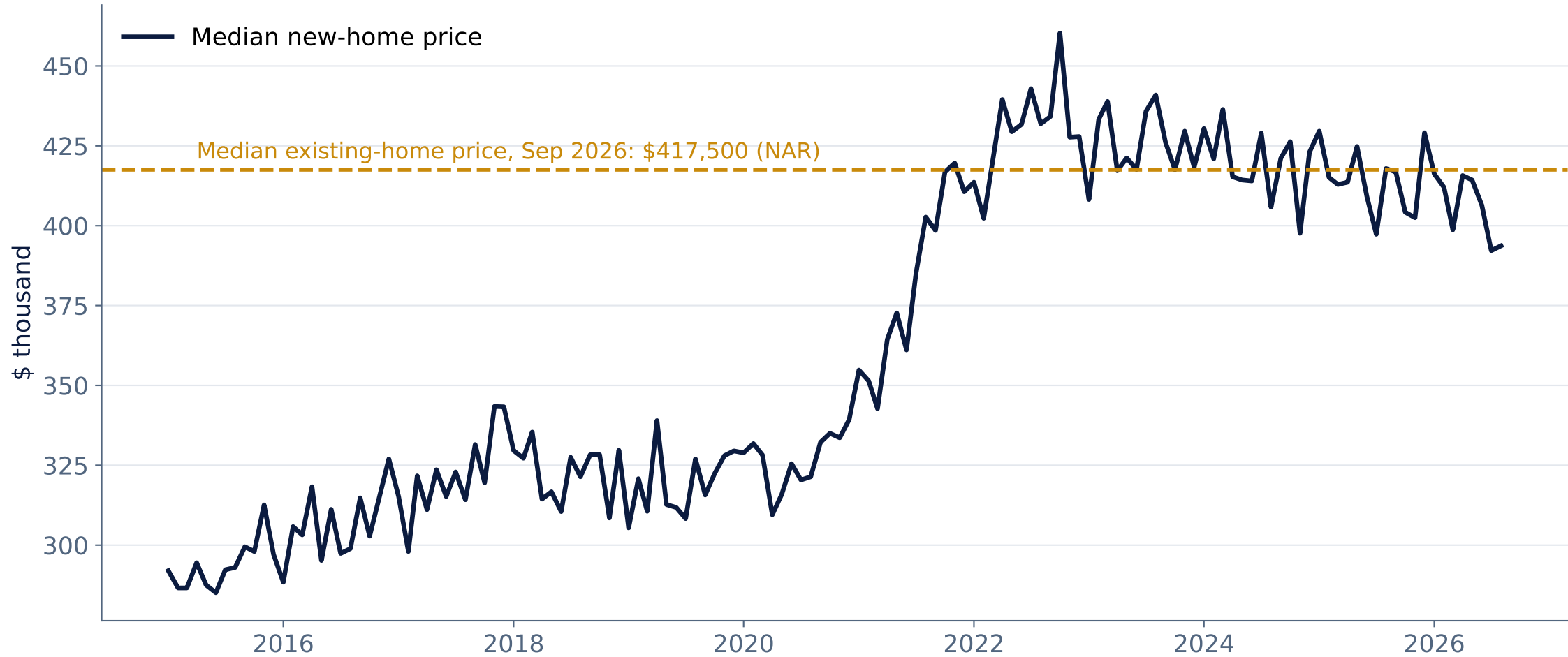
The glut: the most finished, unsold new homes since 2009

Completed new homes for sale peaked at 128k in Jan 2026, the most since June 2009 (113k in August). Months' supply 8.5



A new home now costs less than a used one

Median new-home price \$393.7k in August (-5.8% a year), as builders cut prices to clear inventory



Builders are buying sales with price cuts

43%

of builders cut prices in October, the highest share of 2020-2026; the average cut was 6%

65%

used sales incentives (mortgage buydowns, upgrades), the 19th month in a row at 60% or more

18

prospective buyer traffic, the lowest since April 2012 outside the April 2020 lockdown

29

builder confidence overall (-3 points); expectations for the next six months 32 (-5)

Existing homes: slowest stretch of 2026, contracts point lower

September existing-home sales (annual rate) and median price; pending sales = contracts signed in September

Region	Sales	MoM	YoY	Median price	YoY	Pending MoM	Pending YoY
National	3.99m	+1.5%	-2.2%	\$417,500	+1.3%	-7.3%	-11.3%
Northeast	470k	-2.1%	-4.1%	\$523,600	+4.7%	-4.2%	-9.4%
Midwest	930k	0.0%	-2.1%	\$329,600	+3.1%	-6.5%	-8.7%
South	1.86m	+2.8%	-0.5%	\$361,000	+0.2%	-8.2%	-12.0%
West	730k	+2.8%	-5.2%	\$613,600	-0.3%	-9.2%	-15.0%

Who is still buying

4.8

months' supply of existing homes (4.5 a year ago); 1.60m listed, +4.6% on a year earlier

31%

first-time buyers' share of sales; cash buyers 27% (30% a year ago)

20%

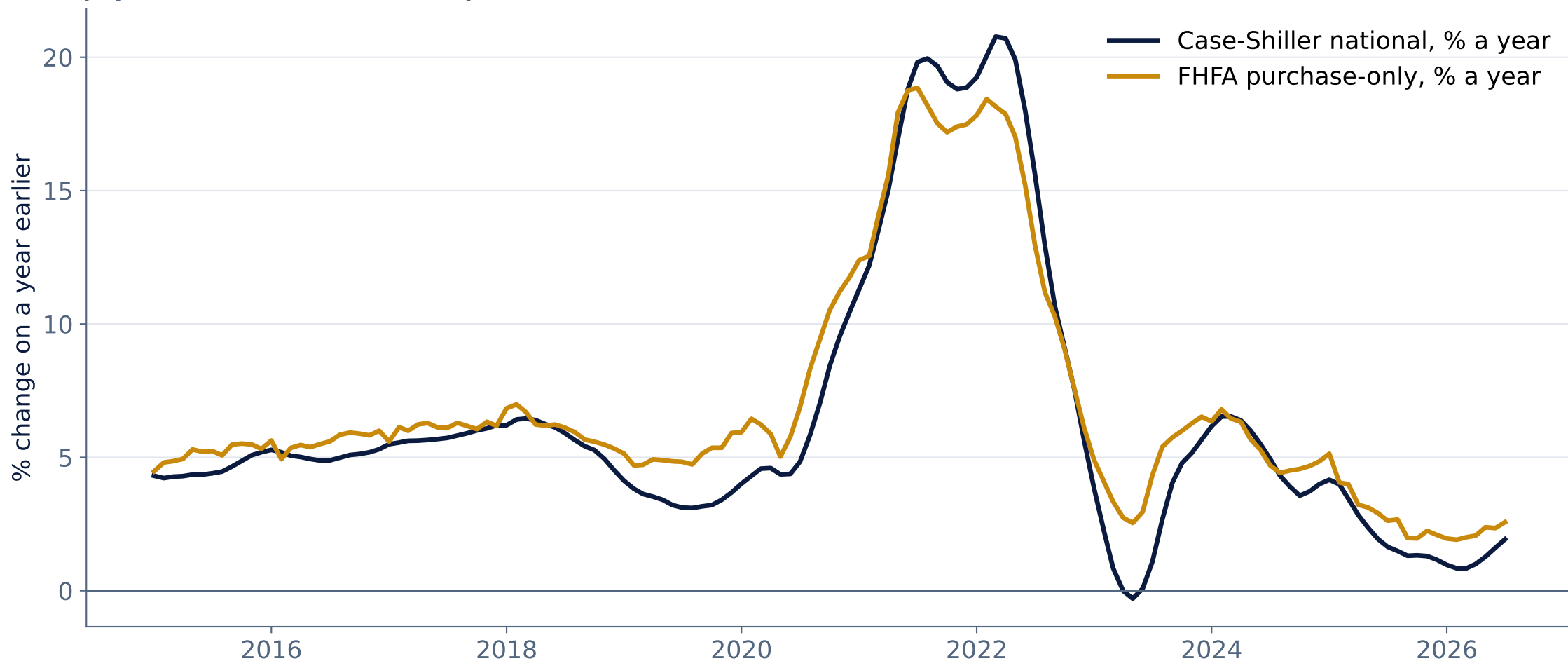
investors and second-home buyers, up from 15% in August

33

median days on market, up from 31 in August: buyers have more negotiating power

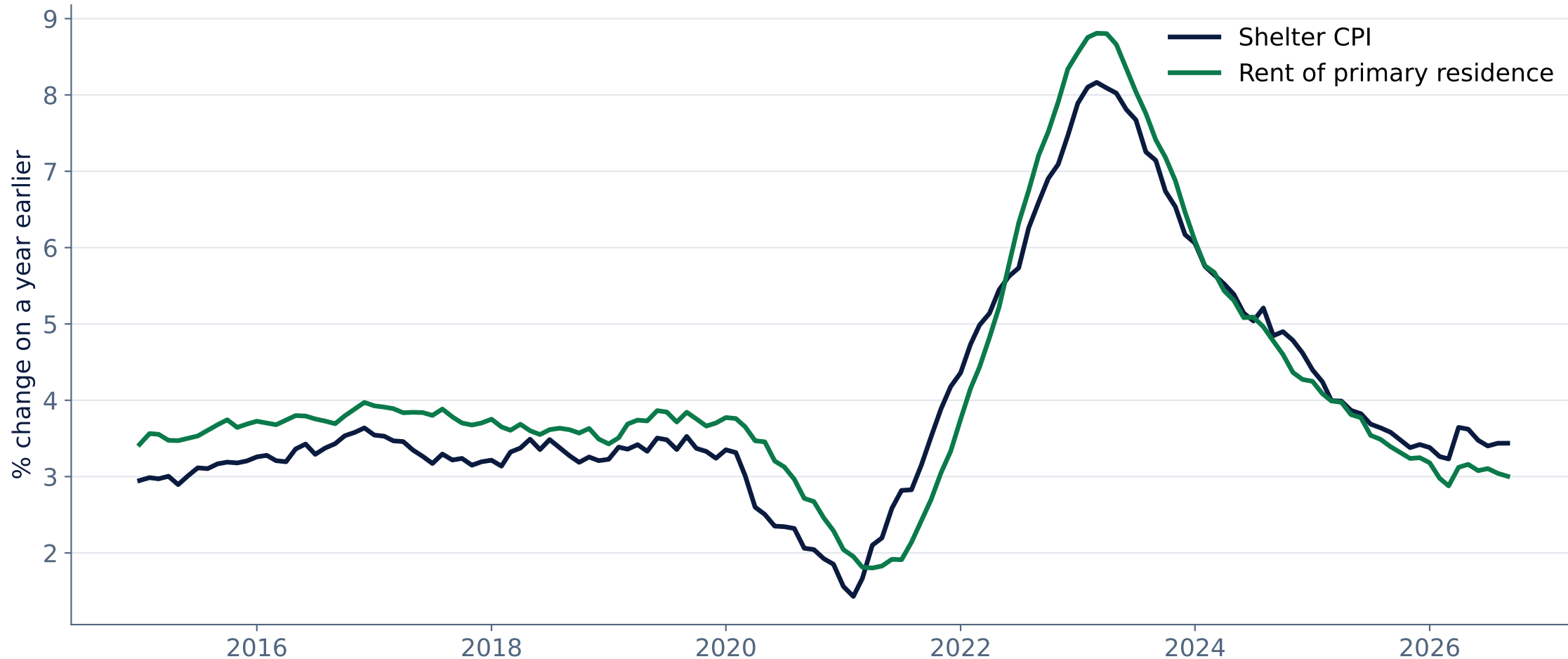
Prices have stalled, not crashed

July 2026: Case-Shiller +1.9% a year, FHFA +2.6%; below the 3.4% rise in shelter CPI



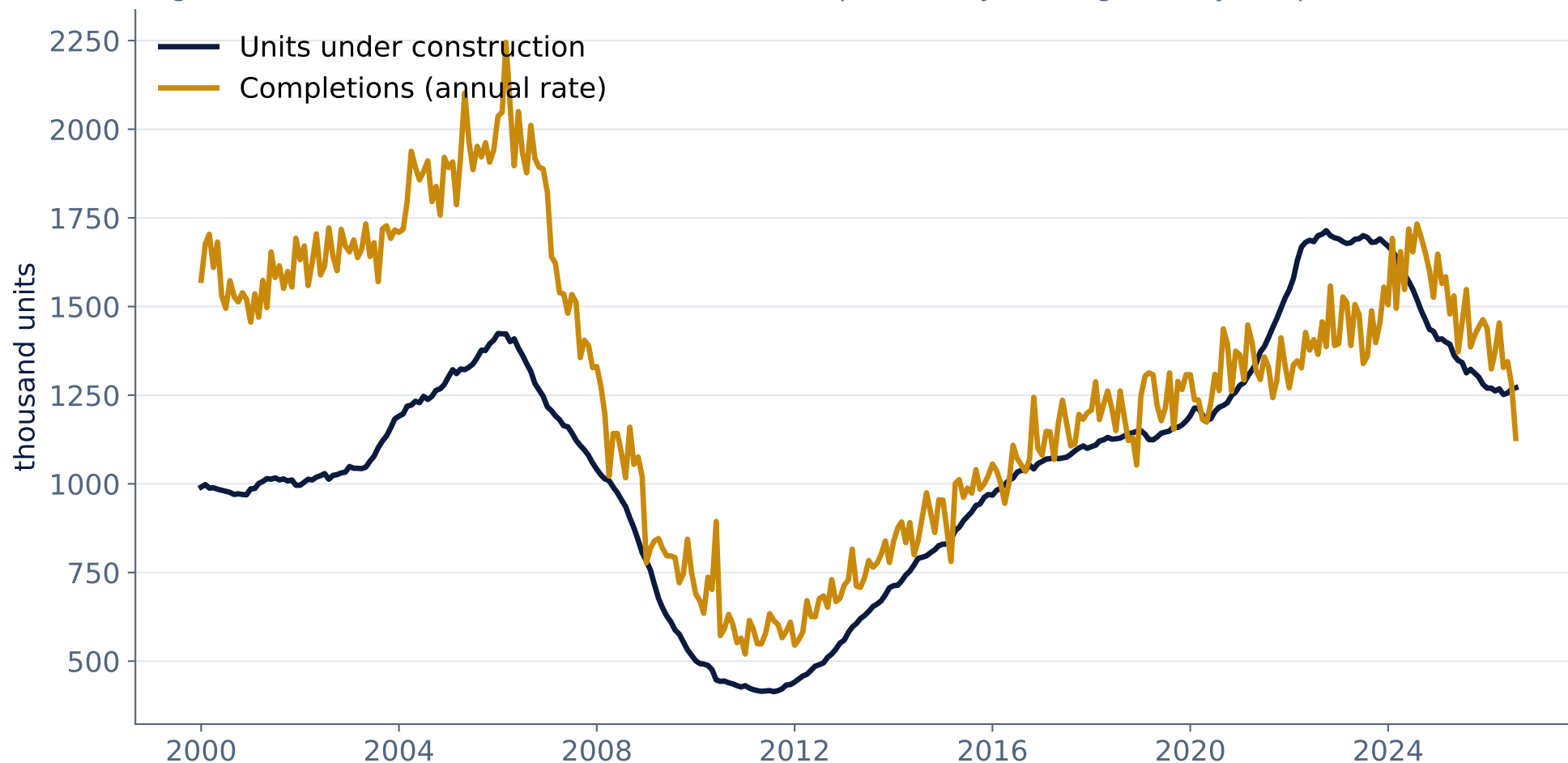
Rents are cooling, which helps inflation, slowly

September 2026: shelter 3.4% a year, rent 3.0%, down from 8% peaks in 2023



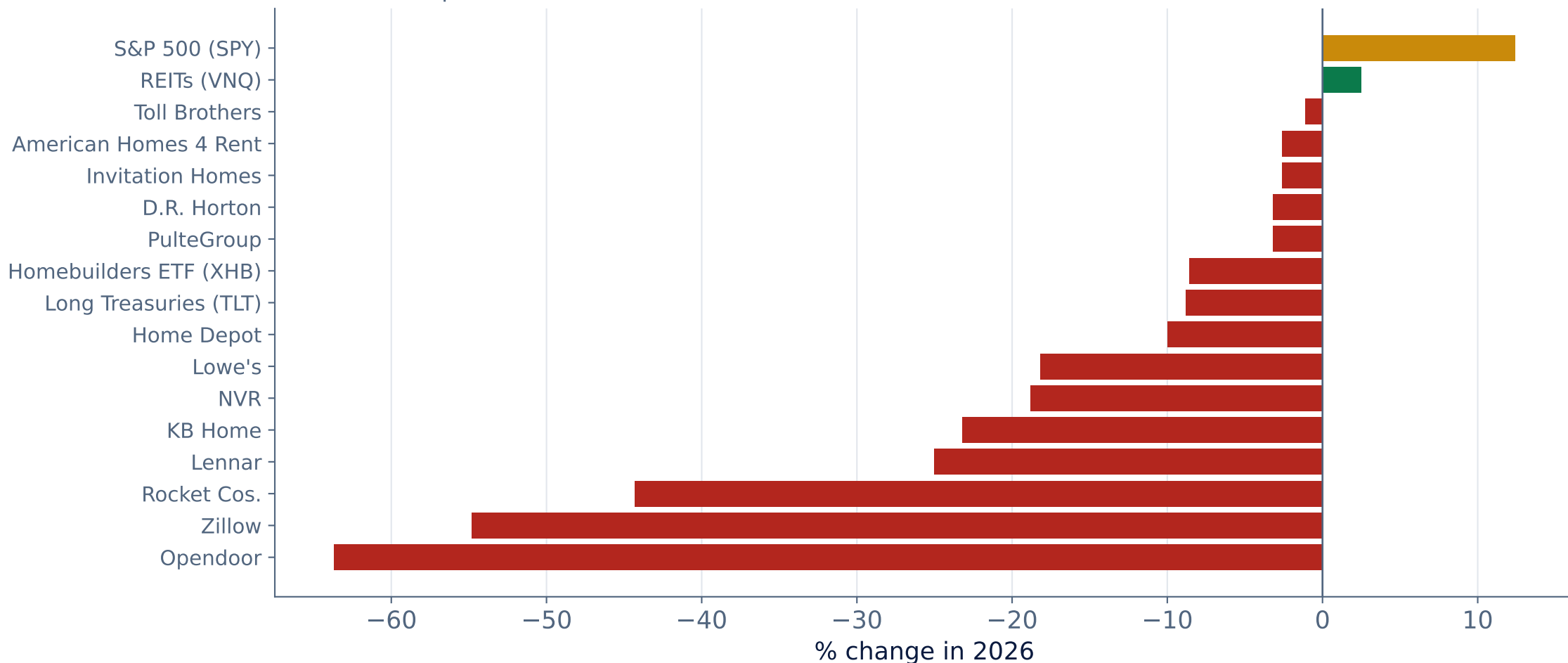
The pipeline is draining

August: 1271k units under construction, 1128k completions a year. Single-family completions: fewest since May 2020 (Sep)



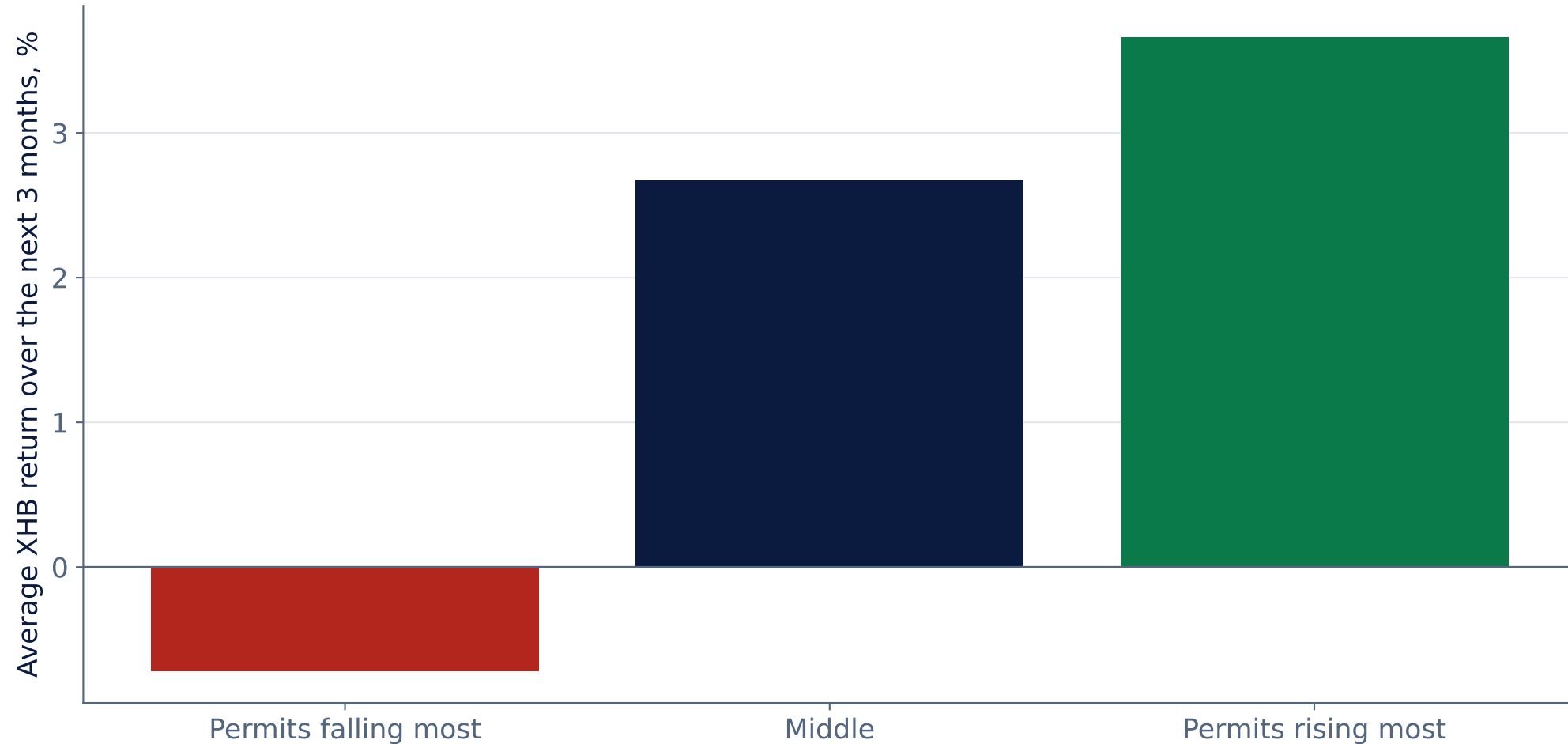
The market has priced the freeze, unevenly

2026 so far: Opendoor -64%, Zillow -55%, Rocket -44%, Lennar -25%; D.R. Horton -3%, S&P 500 +12%



Permits are a weak signal for homebuilder stocks

82 non-overlapping quarters, 2006-02 to 2026-05: correlation +0.10, $t = 0.91$. Directionally right, not statistically reliable



Our read: housing can't take much more

5.09%

10-year Treasury, highest since 2007. Mortgages follow it, not the Fed's overnight rate, and a December hike is mostly priced in

2.31

points between the mortgage rate and the 10-year, wider than usual. A hike that convinces markets inflation will fall could narrow it

\$57

a month for every 0.25 point on mortgages. The median family is already short at 7.40%, so every rise in long rates removes buyers

3.7%

headline CPI in September (core 2.6%). Energy, not housing, is driving the Fed; shelter inflation is cooling

What to watch

Oct 27

September new-home sales: is price-cutting clearing the glut?

Oct 28

FOMC decision: markets expect a hold (~86%); watch for dissents in favour of hiking

Dec 9

FOMC with new projections: a hike is ~84% priced; the dot plot shows how far the Fed goes

Nov

October existing-home sales: September's -7.3% in pending contracts points lower

The data behind this deck, in FinzData

HOUST, PERMIT, HOUST1F starts and permits (Census)

HSN1F, HNFSEPUSSA, NHFSEPCS, MSACSR new-home sales and inventory

MSPNHSUS median new-home price

CSUSHPINSA Case-Shiller national (licensed); HPIP0NM226S FHFA

CUSR0000SAH1, CUSR0000SEHA shelter and rent CPI

DGS10 10-year Treasury yield

Point-in-time: `get_macro_vintage(series=..., as_of=...)`, in Python, REST or MCP.