

# September Existing Home Sales

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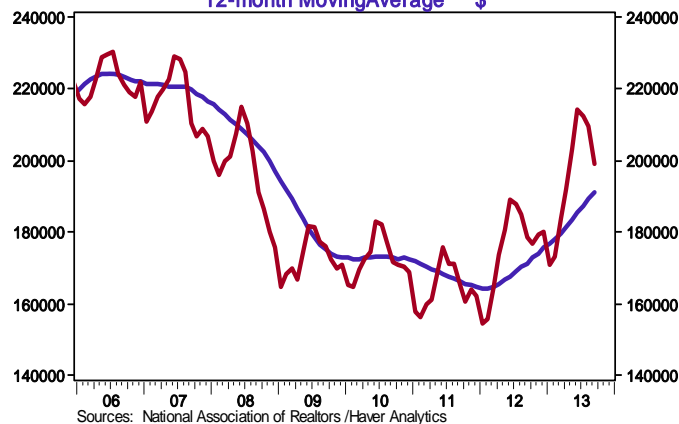
- Existing home sales declined 1.9% in September to a 5.29 million annual rate, coming in very close to the consensus expected 5.30 million rate. Sales are up 10.7% versus a year ago.
- Sales in September were down in the Northeast, Midwest, and South, but up in the West. The decline in sales was due to both single family homes and condos/coops.
- The median price of an existing home declined to \$199,200 in September (not seasonally adjusted) but is up 11.7% versus a year ago. Average prices are up 9.2% versus last year.
- The months' supply of existing homes (how long it would take to sell the entire inventory at the current sales rate) ticked up to 5.0 months in September. The increase in the months' supply was all due to the slower selling pace; overall inventories were unchanged.

**Implications:** Existing home sales slipped 1.9% in September, coming in almost exactly as the consensus expected. Some analysts are saying the decline signals a slowdown in the housing recovery, but these fears are way overblown. Sales in September were at the third highest level for any month since the homebuyer tax credit was about to expire in late 2009. It just so happens that the two months that beat September were July and August; so after two very strong months, sales slipped a little. As the top chart to the right shows, this kind of statistical noise is no different than what we've been experiencing since the recovery in home sales started in earnest 2010/11. Nor do we expect higher mortgage rates to undermine the recovery. Higher rates reflect expectations of faster economic growth and rising home prices will make buyers more willing to buy than back when mortgage rates were lower but buyers thought home prices might fall further. The months' supply of existing homes (how long it would take to sell the entire inventory at the current selling rate) ticked up to 5.0 in September but this is still lower than a year ago (5.4) and much lower than two years ago (8.0). In other recent economic news, new claims for unemployment insurance fell 15,000 to 358,000. Continuing claims declined 43,000 to 2.86 million. We expect the employment report for September (released tomorrow morning) to show a gain of 197,000 in nonfarm payrolls. However, given the government shutdown, October payroll gains will be more modest before returning to a trend of roughly 175,000 per month in November and beyond. On the manufacturing front, the Philly Fed index, a measure of activity in that region, slipped to a still robust +19.8 in October. The Empire State index, which covers New York, slipped to +1.5. Overall, these reports are consistent with continued plow horse economic growth.

NAR Total Existing Home Sales, United States  
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Existing Homes: Median Sales Price  
 Existing Homes: Median Sales Price 12-month Moving Average



Existing Home Sales	Sep-13		Aug-13	Jul-13	3-month	6-month	Yr to Yr % Change
	% Ch.	level					
<i>Seasonally Adjusted Unless Noted, Levels in Thous.</i>							
<b>Existing Home Sales</b>	-1.9%	5290	5390	5390	5357	5207	10.7
<b>Northeast</b>	-2.8%	690	710	710	703	670	15.0
<b>Midwest</b>	-5.3%	1250	1320	1280	1283	1232	12.6
<b>South</b>	-1.4%	2100	2130	2110	2113	2070	9.9
<b>West</b>	1.6%	1250	1230	1290	1257	1235	7.8
<b>Median Sales Price (\$, NSA)</b>	-5.0%	199200	209700	212400	207100	205033	11.7

Source: National Association of Realtors