

September Existing Home Sales

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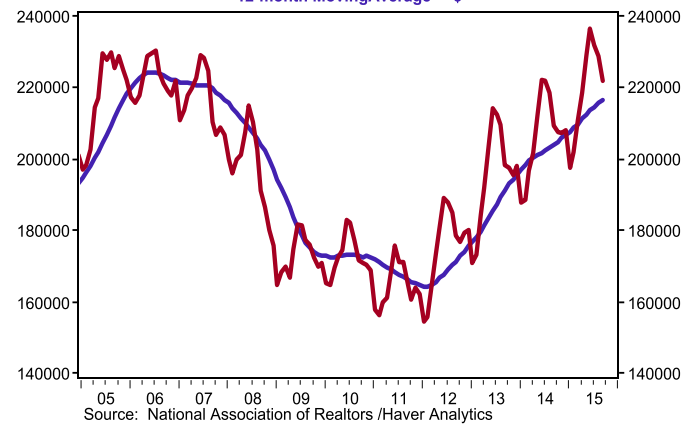
- Existing home sales increased 4.7% in September to a 5.55 million annual rate, beating the consensus expected 5.35 million. Sales are up 8.8% versus a year ago.
- Sales rose in all major regions. The increase was entirely due to single-family homes, while sales of condos/coops remained unchanged.
- The median price of an existing home fell to \$221,900 in September (not seasonally adjusted) but is up 6.1% versus a year ago. Average prices are up 3.9% versus last year.
- The months' supply of existing homes (how long it would take to sell the entire inventory at the current sales rate) fell to 4.8 months in September from 5.1 in August, due to both a faster sales pace as well as a decline in inventories.

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



Implications: Good news on the US economy today; the data are starting to turn up again. Hold off on home sales for a moment, the most important news today was on the labor market. Initial unemployment claims rose only 3,000 last week to 259,000, coming in lower than the consensus expected and giving us the thirty-third straight week below 300,000. The four-week average is now 263,250, the lowest since 1973. Meanwhile, continuing claims rose 6,000 to a still very low 2.17 million. It's early, but plugging these figures into our models suggests a payroll gain of 235,000 in October. The official data will be reported the first Friday in November, so it comes too late to impact the Fed's decision on raising rates later this month. However, a robust job gain should raise the odds on a December rate hike. Now back to home sales. After hitting a speedbump in August, sales of existing homes surprised to the upside in September, regaining momentum to easily beat consensus expectations. Sales of previously owned homes rose to a 5.55 million annual rate in September, the 12th consecutive month of year-to-year sales growth. We expect the rising trend to continue. What's interesting is that the percentage of buyers using mortgage credit has increased as the Fed tapered and then ended QE. Those predicting a housing crash without more QE were completely wrong. However, persistent inventory shortages continue to be a headwind for sales. The months' supply of existing homes fell to 4.8 months from 5.1 months in August. However, the market will fix this problem. Higher prices should lure "on-the-fence" sellers into the market, boosting inventory, and increasing sales in the year ahead. In other housing news this morning, the FHFA index, which measures prices for homes financed with conforming mortgages, increased 0.3% in August and was up 5.5% from a year ago. Look for more moderate price gains in the year ahead as more sellers enter the market and builders expand construction.

Existing Home Sales	Sep-15		Aug-15	Jul-15	3-month	6-month	Yr to Yr	
	Seasonally Adjusted Unless Noted, Levels in Thous.	% Ch.						level
Existing Home Sales		4.7%	5550	5300	5580	5477	5387	8.8
Northeast		8.6%	760	700	700	720	698	11.8
Midwest		2.3%	1310	1280	1300	1297	1283	12.0
South		3.8%	2210	2130	2290	2210	2178	5.7
West		6.7%	1270	1190	1290	1250	1227	9.5
Median Sales Price (\$, NSA)		-2.9%	221900	228500	231800	227400	227683	6.1

Source: National Association of Realtors

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