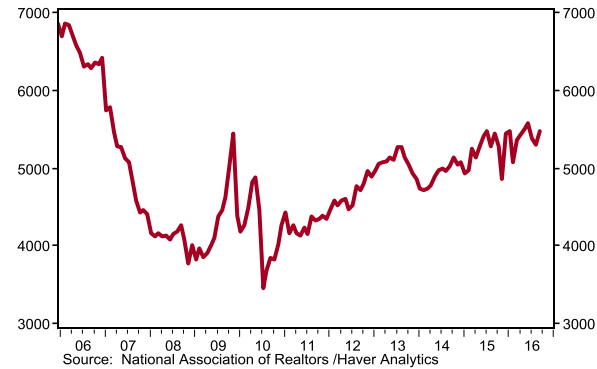


September Existing Home Sales

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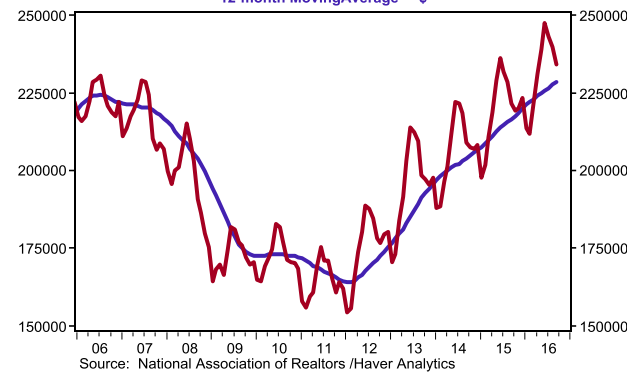
- Existing home sales increased 3.2% in September to a 5.47 million annual rate, coming in above the consensus expected 5.35 million. Sales are up 0.6% versus a year ago.
- Sales rose in all major regions in September. The nationwide increase was due entirely to a rise in sales of single-family homes. Sales of condos/coops fell in September.
- The median price of an existing home fell to \$234,200 in September (not seasonally adjusted) but is up 5.6% versus a year ago. Average prices are up 4.2% versus last year.
- The months' supply of existing homes (how long it would take to sell the entire inventory at the current sales rate) was 4.5 months in September, down from 4.6 months in August. The drop was entirely due to a faster sales pace. Inventories rose in September

NAR Total Existing Home Sales, United States
SAAR, Thous



Existing Homes: Median Sales Price

Existing Homes: Median Sales Price
12-month Moving Average



Implications: Driven by strong demand from first-time buyers, sales of existing homes rebounded strongly in September, reversing the slump that began back in July. Sales of previously owned homes rose 3.2% in September to a 5.47 million annual rate and are now up 0.6% from a year ago. The share of first-time buyers was a big contributor to this month's gain, rising to the highest level since 2012. As demographics shift, and millennials age, this group will continue to be a source of strength in the future. However, it's important to remember housing is volatile from month to month. That being said, we think the broader trend will continue to be upward, although there are still some headwinds. Tight supply and rising prices continue to hold back sales. Inventories have now fallen for sixteen consecutive months on a year-over-year basis. Further, the months' supply of existing homes – how long it would take to sell the current inventory at the most recent selling pace – is only 4.5 months. According to the National Association of Realtors® (NAR), anything less than 5.0 months is considered tight supply. The good news is that demand was so strong that 44% of properties in September sold in less than a month, pointing to further interest from buyers in the months ahead. However, this higher demand has also driven up median prices, with September marking the 55th consecutive month of year-over-year gains. While this may temporarily price some lower-end buyers out of the market, it should ultimately help alleviate some of the supply constraints as “on the fence” sellers take advantage of higher prices and trade-up or trade-down to a new home, bringing more existing properties onto the market as well. In other news this morning, new claims for unemployment insurance rose 13,000 last week to 260,000, the 85th week in a row below 300,000. Continuing claims increased 7,000 to 2.057 million. Plugging these figures into our models suggests payrolls are growing close to 200,000 in October. On the manufacturing front, the Philadelphia Fed index, which measures factory sentiment in that region, came in at 9.7 for October, a decline from 12.8 in September but still positive and signaling continued growth.

Existing Home Sales	Sep-16		Aug-16	Jul-16	3-month	6-month	Yr to Yr
	% Ch.	level	level	level	moving avg.	moving ave.	% Change
<i>Seasonally Adjusted Unless Noted, Levels in Thous.</i>							
Existing Home Sales	3.2%	5470	5300	5380	5383	5443	0.6
Northeast	5.7%	740	700	660	700	728	0.0
Midwest	3.9%	1320	1270	1280	1290	1318	2.3
South	0.9%	2160	2140	2220	2173	2203	-0.9
West	5.0%	1250	1190	1220	1220	1193	1.6
Median Sales Price (\$, NSA)	-2.4%	234200	239900	243300	239133	239133	5.6

Source: National Association of Realtors