

## July Existing Home Sales

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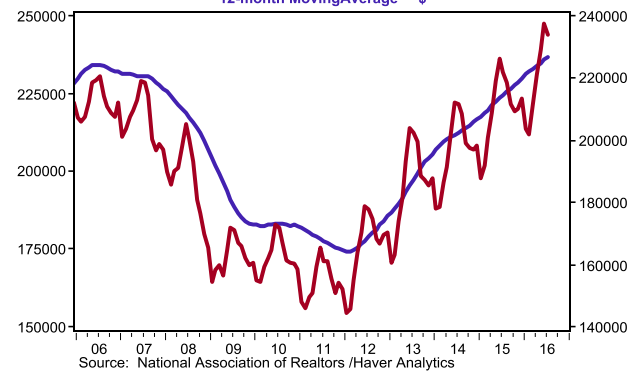
- Existing home sales declined 3.2% in July to a 5.39 million annual rate, coming in below the consensus expected 5.51 million. Sales are down 1.6% versus a year ago.
- Sales fell in the Northeast, Midwest, and South, but rose in the West. The decline was due to a drop in both single-family homes and condos/coops.
- The median price of an existing home fell to \$244,100 in July (not seasonally adjusted) but is up 5.3% versus a year ago. Average prices are up 3.6% 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 4.7 months in July, up from 4.5 months in June. The increase was due to both a slower pace of sales and a rise in inventories.

**NAR Total Existing Home Sales, United States**  
 SAAR, Thous



**Existing Homes: Median Sales Price**

**Existing Homes: Median Sales Price**  
 12-month Moving Average



**Implications:** After four consecutive months of steady growth, existing home sales took a breather in July, as supply constraints and high prices continue to hamper buyers. Sales of previously owned homes fell 3.2% in July to a 5.39 million annual rate and are now down 1.6% from a year ago. Many pessimistic analysts are likely to point out that this is the first year-over-year drop since November 2015, but this is a reflection of the surge in existing home sales last June/July, not the beginning of the end for the housing market. Housing is volatile from month to month, and we think the broader trend will continue to be upward, but there are still some headwinds. Tight supply and rising prices continue to hold back sales. Even though inventories rose 0.9% in July, they have now fallen for fourteen 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 4.7 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 47% of properties in July sold in less than a month, pointing to further interest from buyers in the months ahead. However, higher demand from the summer selling season also helped push the median price for an existing home up 5.3% versus a year ago, the 53<sup>rd</sup> month in a row of year-over-year gains. While this may temporarily price some lower-end buyers out of the market, it should help alleviate some of the supply constraints as “on the fence” sellers take advantage of higher prices and trade-up to a new home, bringing more existing properties onto the market as well. In other housing news this morning, the FHFA index, which measures prices for homes financed with conforming mortgages, increased 0.2% in June and is up 5.6% from a year ago. Another sign that supply remains limited and home builders have room to keep ramping up construction.

Existing Home Sales	Jul-16		Jun-16	May-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>							
<b>Existing Home Sales</b>	-3.2%	5390	5570	5510	5490	5388	-1.6
<b>Northeast</b>	-13.2%	660	760	770	730	713	-5.7
<b>Midwest</b>	-5.2%	1280	1350	1300	1310	1280	0.0
<b>South</b>	-1.8%	2220	2260	2260	2247	2227	-1.8
<b>West</b>	2.5%	1230	1200	1180	1203	1168	-0.8
<b>Median Sales Price (\$, NSA)</b>	-1.4%	244100	247600	238900	243533	232517	5.3

Source: National Association of Realtors