

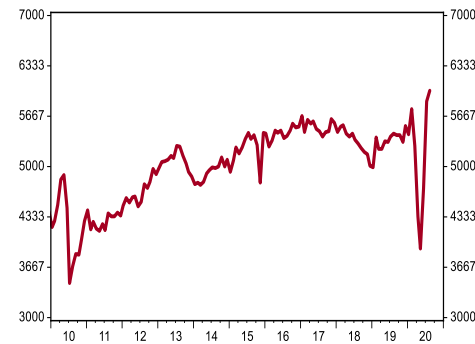
August Existing Home Sales

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- Existing home sales increased 2.4% in August to a 6.000 million annual rate, matching consensus expectations. Sales are up 10.5% versus a year ago.
- Sales in August rose in all major regions. The gain was due to both single-family homes and condos/coops.
- The median price of an existing home rose to \$310,600 in August (not seasonally adjusted) and is up 11.4% versus a year ago. Average prices are up 8.8% versus last year.

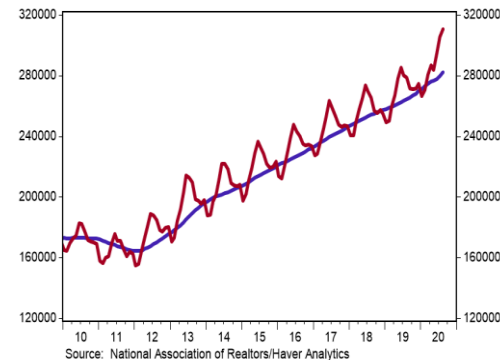
Implications: Existing home sales continued to impress in August, rising for a third consecutive month and hitting an annualized pace of 6 million units for the first time since 2006. From February (pre-pandemic) to the bottom in May, sales collapsed 32.1% as lockdown measures and widespread economic uncertainty took hold across the country. Remarkably, since then sales have made a full V-shaped recovery and are now up 4.2% from the previous February high. It’s also important to remember that existing home sales are counted at closing, so August’s gain mostly reflects contracts that were signed in June and July. This was smack dab in the middle of the “second-wave” of coronavirus cases erupting across the country, signaling the resilience of the ongoing housing market recovery. One major contributor to the recent recovery has been the Fed’s liquidity policies, which have pushed 30-year fixed mortgage rates to record lows, boosting affordability. In fact, demand for existing homes has remained so strong that 69% of homes sold in August were on the market for less than a month. That said, sales face a continued headwind from the low inventory of existing homes. Today’s report showed that inventories were lower than any other August on record and down 18.6% versus a year ago (the best measure for inventories given the seasonality of the data). This inventory shortage is especially acute for homes on the lower end of the price spectrum, with sales of properties worth \$250K or less actually down from a year ago, as sellers mark up sales prices to respond to surging demand. Meanwhile, sales of properties worth \$1 million and over are up 44% in the past year, as wealthy urban dwellers purchase properties elsewhere to escape pandemic-related restrictions. This shift in the mix of homes sold has put considerable upward pressure on median prices, which are now up 11.4% in the past year versus a year ago comparison of 6.7% in January. However, with employment growing, new and future construction boosting inventories, and an easy Fed, which will keep short-term rates near zero well into the future, expect sales to continue at a robust pace in the months ahead. Finally, on the manufacturing front this morning, the Richmond Fed Index rose to +21 in September from +18 in August. This is the highest reading for the index since 2018 and continues to show a healthy rebound in manufacturing activity versus the deeply negative readings early on in the pandemic.

NAR Total Existing Home Sales, United States
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Source: National Association of Realtors/Haver Analytics

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



Source: National Association of Realtors/Haver Analytics

Existing Home Sales	Aug-20		Jul-20	Jun-20	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	2.4%	6000	5860	4700	5520	5012	10.5
Northeast	13.8%	740	650	490	627	590	5.7
Midwest	1.4%	1410	1390	1090	1297	1205	9.3
South	0.8%	2600	2580	2170	2450	2208	13.0
West	0.8%	1250	1240	950	1147	1008	9.6
Median Sales Price (\$, NSA)	1.7%	310600	305500	294500	303533	293600	11.4

Source: National Association of Realtors