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## July Existing Home Sales

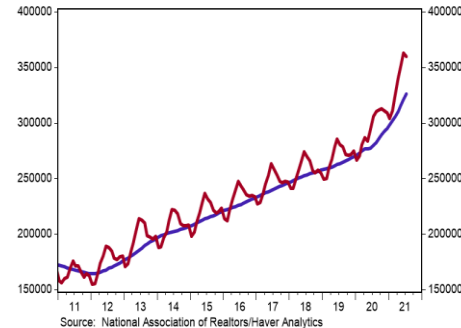
- Existing home sales increased 2.0% in July to a 5.990 million annual rate, beating the consensus expected 5.830 million. Sales are up 1.5% versus a year ago.
- Sales in July rose in the Midwest, West, and South, but remained unchanged in the Northeast. The gain was entirely due to single-family homes. Sales of condos/co-ops fell in July.
- The median price of an existing home fell to \$359,900 in July (not seasonally adjusted) but is up 17.8% versus a year ago. Average prices are up 12.0% versus last year.

**Implications:** Existing home sales were better than expected in July, rising for the second month in a row due to modest gains in the supply of homes for sale and very strong demand. The best news is that there are reasons to believe the worst of the inventory crunch is behind us. New home construction remains strong, and now that vaccines are widely available, it's likely that more sellers will feel comfortable listing their homes. Both of these factors probably contributed to the 7.3% increase in inventories in July, which was also the fifth consecutive month of gains. Though inventories are still down 12.0% from a year ago (the most accurate measure for inventories given the seasonality of the data) that year-to-year rate of decline is slowing. The months' supply of existing homes for sale (how long it would take to sell today's inventory at the current sales pace) rose to 2.6 in July from June's reading of 2.5, though these readings still remain near record lows. Despite the ongoing shortage of listings, there is still significant pent-up demand from the pandemic, with buyer urgency so strong in July that 89% of the existing homes sold were on the market for less than a month. The combination of strong demand and sparse supply has pushed median prices up 17.8% in the past year, but the good news is that price gains have been decelerating since hitting a year-to-year gain of 23.6% in May. As more inventory becomes available and price gains continue to moderate, we expect sales in 2021 to ultimately post the best year since 2006. Why? First, a trend toward work-from-home is likely to remain in place even as pandemic-related measures ease. That means people who were previously tied to specific locations, typically in urban areas, will have more flexibility, making more space in the suburbs an attractive proposition. Finally, Millennials are now the largest living generation in the US and have begun to enter the housing market in force, making up over 50% of new mortgage issuance for the first time in 2019. This represents a demographic tailwind for sales not only in 2021, but for the foreseeable future.

NAR Total Existing Home Sales, United States  
SAAR, Thous



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



Existing Home Sales	Jul-21		Jun-21	May-21	3-month	6-month	Yr to Yr
	%Ch.	level	level	level	moving avg.	moving avg.	% Change
<i>Seasonally Adjusted Unless Noted, Levels in Thous.</i>							
<b>Existing Home Sales</b>	<b>2.0%</b>	<b>5990</b>	5870	5780	5880	5957	1.5
<b>Northeast</b>	<b>0.0%</b>	<b>740</b>	740	720	733	743	12.1
<b>Midwest</b>	<b>3.8%</b>	<b>1380</b>	1330	1290	1333	1313	-1.4
<b>South</b>	<b>1.2%</b>	<b>2630</b>	2600	2590	2607	2650	1.2
<b>West</b>	<b>3.3%</b>	<b>1240</b>	1200	1180	1207	1250	0.0
<b>Median Sales Price (\$, NSA)</b>	<b>-0.8%</b>	<b>359900</b>	362800	350400	357700	341783	17.8

Source: National Association of Realtors