

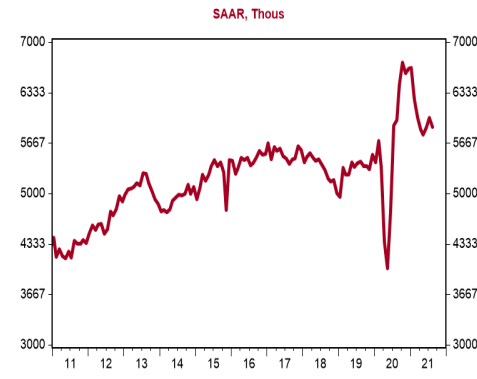
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August Existing Home Sales

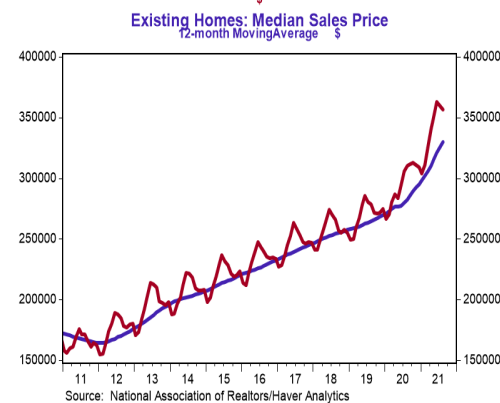
- Existing home sales declined 2.0% in August to a 5.880 million annual rate, just below the consensus expected 5.890 million. Sales are down 1.5% versus a year ago.
- Sales in August fell in all major regions. The drop was due to both single-family homes and condos/co-ops.
- The median price of an existing home fell to \$356,700 in August (not seasonally adjusted) but is up 14.9% versus a year ago. Average prices are up 9.8% versus last year.

Implications: Existing home sales declined in August following two months of gains, nearly matching consensus expectations. Since the pandemic hit US shores in early 2020, sales of existing homes have been through a wild ride, as the nearby chart shows. Now it looks like sales may be stabilizing around a six million annual rate (about 5% above pre-pandemic levels) despite buyers’ ongoing struggle with high prices and lack of supply. Speaking of supply, there was some bad news on inventories buried in today’s report. A strong pace of new home construction and widely available vaccines likely made more sellers feel comfortable listing their homes for five months in a row through July. However, it looks like the recent surge in the Delta variant disrupted this trend in August with inventories falling 1.5%. Our expectation is that this is probably a temporary disruption and listings will soon move upward again, at least on a seasonally adjusted basis, as virus fears once again fade. Meanwhile, the months’ supply of existing homes for sale (how long it would take to sell today’s inventory at the current sales pace) was unchanged at 2.6 in August, remaining 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 August that 87% 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 14.9% 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



Existing Homes: Median Sales Price



Existing Home Sales	Aug-21		Jul-21	Jun-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>							
Existing Home Sales	-2.0%	5880	6000	5870	5917	5898	-1.5
Northeast	-1.4%	730	740	740	737	737	-2.7
Midwest	-1.4%	1370	1390	1330	1363	1325	-2.1
South	-3.0%	2550	2630	2600	2593	2612	-0.8
West	-0.8%	1230	1240	1200	1223	1225	-1.6
Median Sales Price (\$, NSA)	-0.8%	356700	359500	362800	359667	349383	14.9

Source: National Association of Realtors