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September Existing Home Sales

- Existing home sales declined 1.5% in September to a 4.710 million annual rate, narrowly beating the consensus expected 4.700 million. Sales are down 23.8% versus a year ago.
- Sales in September fell in the South, Midwest, and Northeast, but remained unchanged in the West. The drop was due to a decline in sales of both single-family homes and condos/co-ops.
- The median price of an existing home fell to \$384,800 in September (not seasonally adjusted) but is up 8.4% versus a year ago.

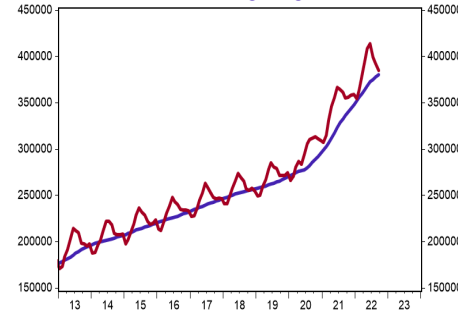
Implications: Existing home sales fell for the eighth month in a row in September, posting the longest streak of declines since 2007. However, the declines in August and September have also been the smallest so far in 2022, and while it's too early to be certain, sales look like they may be stabilizing. Falling affordability has played a major role in the recent string of weak reports. The prime culprit is the surge in mortgage rates, which are now above 7% for the first time since 2000. While financing costs remain a burden, the good news is that median prices fell for the third month in a row in September. Part of this is just seasonality (prices typically begin to fall following the summer buying season), and even with recent declines, median prices are up 8.4% in the past year. That is a notable slowing from the 25.2% peak in the twelve-months ending May 2021, but still above the 4.8% average seen since 2000. When you do the math it's not hard to see why home sales have slowed down so rapidly. Assuming a 20% down payment, the rise in mortgage rates and home prices since December amounts to a 67% increase in monthly payments on a new 30-year mortgage for the median existing home. Today's report also showed that the inventory of existing homes on the market remains tight. Available listings fell slightly in September and were virtually flat from a year ago (the best way to look at the data given the seasonality of the housing market). While this is still a notable improvement following thirty-six straight months of annual declines that ended in June, don't expect a flood of new listings to materialize anytime soon. Many homeowners locked in mortgage rates at rock bottom levels during the pandemic and are unlikely to brave a 400-basis point increase in financing costs by reentering the market to trade up. Despite the lack of options, demand remains strong, with buyer urgency so high in September that 70% of existing homes sold were on the market for less than a month. While sales are clearly under pressure, this is not a repeat of 2007-09. We do not foresee a widespread collapse in home sales even with higher mortgage rates, though it is likely that existing home sales wind up lower in 2022 than 2021. In other news today, initial claims for unemployment insurance fell 12,000 last week to 214,000. Continuing claims rose 21,000 to 1.385 million. These figures remain very low by historical standards and are consistent with continued job growth in October. On the manufacturing front, the Philadelphia Fed Index, a measure of factory sentiment in that region, rose to -8.7 in October from -9.9 in September.

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	Sep-22		Aug-22	Jul-22	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	-1.5%	4710	4780	4820	4770	5072	-23.8
Northeast	-1.6%	610	620	620	617	643	-18.7
Midwest	-1.7%	1140	1160	1200	1167	1215	-19.7
South	-1.9%	2080	2120	2130	2110	2245	-23.8
West	0.0%	880	880	870	877	968	-31.3
Median Sales Price (\$, NSA)	-1.8%	384800	391700	399200	391900	398900	8.4

Source: National Association of Realtors