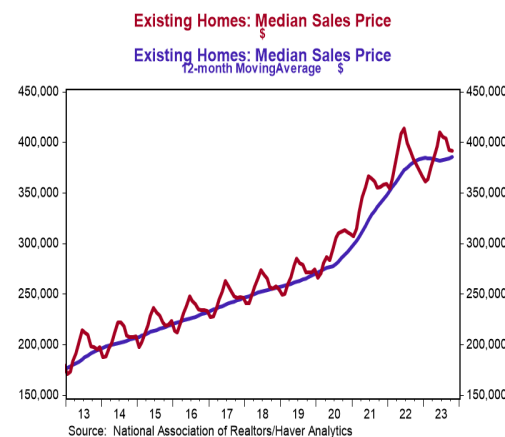
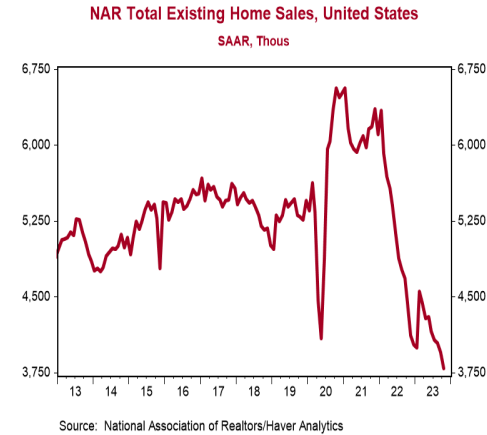


October Existing Home Sales

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- Existing home sales declined 4.1% in October to a 3.790 million annual rate, below the consensus expected 3.900 million. Sales are down 14.6% versus a year ago.
- Sales in October fell in the South, Northeast and West, but remained unchanged in the Midwest. The drop in October was due to both single-family homes and condos/co-ops.
- The median price of an existing home fell to \$391,800 in October (not seasonally adjusted) but is up 3.4% versus a year ago.

Implications: Existing home sales continued to struggle in October, falling for a fifth consecutive month to hit the slowest pace since the aftermath of the 2008/9 Financial Crisis. The housing market is facing a series of headwinds, some of them temporary. The first (and most significant) has been the surge in benchmark interest rates like the 10-year Treasury yield since the summer. This has translated into 30-year fixed mortgage rates as well, which are currently hovering near 8% for the first time in more than two decades. Assuming a 20% down payment, the rise in mortgage rates since the Federal Reserve began its current tightening cycle in March 2022 amounts to a 44% increase in monthly payments on a new 30-year mortgage for the median existing home. Eventually, the housing market can adapt to these increases, and the recent moderation in rates should help in the short term, but continued volatility in financing costs will cause some indigestion. In addition, many existing homeowners are reluctant to sell due to a “mortgage lock-in” phenomenon, after buying or refinancing at much lower rates before 2022. That should limit future existing sales (and inventories). Case in point, the months’ supply of homes (how long it would take to sell existing inventory at the current very slow sales pace) was 3.6 in October, well below the benchmark of 5.0 that the National Association of Realtors uses to denote a normal market. A tight inventory of existing homes means that while the pace of sales may resemble 2008, we aren’t seeing that translate to a big decline in prices. In fact, home prices appear to be rising again, although modestly, with the median price of an existing home up 3.4% from a year ago. Putting this together, expect sales and prices to drag on in the months ahead, with no persistent recovery in existing home sales until 2024.



Existing Home Sales	Oct-23		Sep-23	Aug-23	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	-4.1%	3790	3950	4040	3927	4052	-14.6
Northeast	-4.0%	480	500	480	487	492	-15.8
Midwest	0.0%	930	930	970	943	962	-13.9
South	-7.1%	1690	1820	1840	1783	1857	-14.6
West	-1.4%	690	700	750	713	742	-14.8
Median Sales Price (\$, NSA)	-0.3%	391800	392800	404100	396233	400133	3.4

Source: National Association of Realtors