

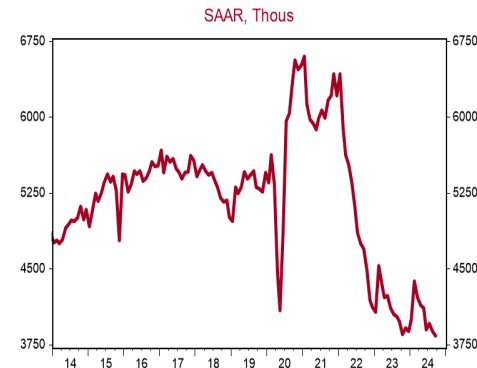
September Existing Home Sales

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- Existing home sales declined 1.0% in September to a 3.840 million annual rate, narrowly lagging the consensus expected 3.880 million. Sales are down 3.5% versus a year ago.
- Sales in September fell in the Northeast, Midwest, and South, but rose in the West. The drop in September was due to both single-family homes and condos/co-ops.
- The median price of an existing home declined to \$404,500 in September (not seasonally adjusted) but is up 3.0% versus a year ago.

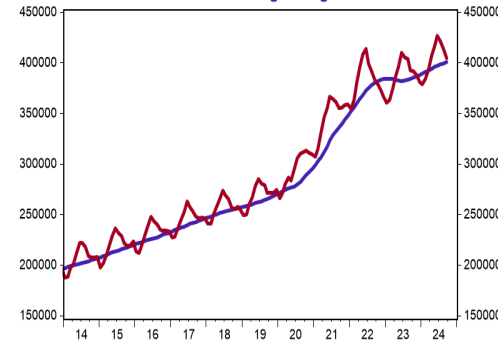
Implications: The recent downward trend in existing home sales continued in September, with activity falling to the slowest pace since the aftermath of the 2008 Financial Crisis. One surprise recently is that since Federal Reserve rate cuts began last month, 30-year fixed mortgage rates have risen back above 7%. So at least so far, the widely anticipated shot in the arm to the housing market from improved affordability hasn't happened and buyers continue to sit on the fence. Meanwhile, home prices are rising again with the median price of an existing home up 3.0% from a year ago. While most of the housing market remains stuck in low gear, certain segments have shown signs of life. Notably, sales of homes priced at \$1 million and above have risen 8.3% in the past year versus a decline of 3.5% for all existing home sales. This demonstrates that, at least at the higher end of the market, both buyers and sellers are beginning to adjust to the new reality of higher rates. However, outside the most expensive segment many existing homeowners remain reluctant to sell due to a "mortgage lock-in" phenomenon, after buying or refinancing at much lower rates before 2022. This remains a major impediment to activity by limiting future existing sales (and inventories). However, there are signs of progress with inventories rising 23% in the past year. That has helped push the months' supply of homes (how long it would take to sell existing inventory at the current very slow sales pace) up to 4.3 in September, the highest since May of 2020 although still 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 looks like 2008, we aren't seeing that translate to a big decline in prices. In recent news on the manufacturing sector, the Richmond Fed index rose to -14 in October from -21 in September, highlighting ongoing weakness in that sector. Finally, the Federal Reserve released monthly figures on M2 yesterday, showing it up 0.4% in September but still up only 2.6% in the past year. The faster monthly gains recently demonstrate the Fed needs to be cautious with rate cuts if it wants to prevent a resurgence of inflation in 2025-26.

NAR Total Existing Home Sales, United States



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-24		Aug-24	Jul-24	3-month	6-month	Yr to Yr	
	<i>Seasonally Adjusted Unless Noted, Levels in Thous.</i>	% Ch.	level	level	level	moving avg.	moving avg.	% Change
Existing Home Sales		-1.0%	3840	3880	3960	3893	3972	-3.5
Northeast		-4.2%	460	480	490	477	477	-6.1
Midwest		-2.2%	900	920	920	913	943	-5.3
South		-1.7%	1720	1750	1800	1757	1802	-5.5
West		4.1%	760	730	750	747	750	5.6
Median Sales Price (\$, NSA)		-2.3%	404500	414200	421400	413367	415133	3.0

Source: National Association of Realtors