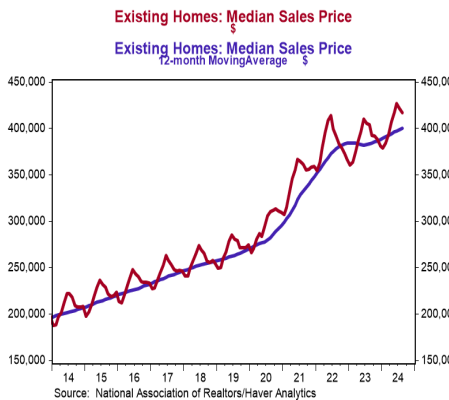
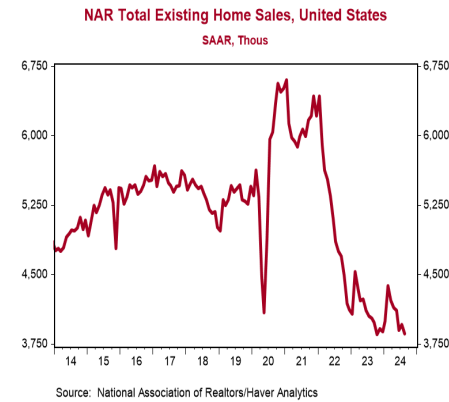


# August Existing Home Sales

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- Existing home sales declined 2.5% in August to a 3.860 million annual rate, lagging the consensus expected 3.900 million. Sales are down 4.2% versus a year ago.
- Sales in August fell in the South, West, and Northeast, but remained unchanged in the Midwest. The drop in August was entirely due to single-family homes. Sales of condos/co-ops remained unchanged.
- The median price of an existing home declined to \$416,700 in August (not seasonally adjusted) but is up 3.1% versus a year ago.

**Implications:** The recent downward trend in existing home sales continued in August, with activity falling to just above the slowest pace since the aftermath of the 2008 Financial Crisis. Widespread anticipation of Fed rate cuts (which began yesterday) have led to 30-year fixed mortgage rates falling roughly 100bps over the past several months. However, at least so far, that improvement in affordability hasn't been enough to cause a rebound in buying activity. Now that the Fed has actually delivered, it remains to be seen whether it will be enough to get buyers off the fence. Meanwhile, home prices are rising again with the median price of an existing home up 3.1% 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 7.9% in the past year versus a decline of 4.2% 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 22.7% 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 4.2 in August, 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 other employment news this morning, initial jobless claims fell 12,000 last week to 219,000. Meanwhile, continuing claims also dropped 14,000 to 1.829 million. These figures suggest some continued job growth in September, but at a moderate pace. Finally on the manufacturing front, the Philadelphia Fed Index, a measure of factory sentiment in that region, rose to +1.7 in September from -7.0 in August.



Existing Home Sales	Aug-24		Jul-24	Jun-24	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>-2.5%</b>	<b>3860</b>	3960	3900	3907	4032	-4.2
<b>Northeast</b>	<b>-2.0%</b>	<b>480</b>	490	470	480	483	0.0
<b>Midwest</b>	<b>0.0%</b>	<b>920</b>	920	920	920	962	-5.2
<b>South</b>	<b>-3.9%</b>	<b>1730</b>	1800	1770	1767	1833	-6.0
<b>West</b>	<b>-2.7%</b>	<b>730</b>	750	740	740	753	-1.4
<b>Median Sales Price (\$, NSA)</b>	<b>-1.1%</b>	<b>416700</b>	421400	426900	421667	413617	3.1

Source: National Association of Realtors