

U.S. Data Review

- Existing Home Sales: constrained by mortgage rates and prices

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Existing Home Sales

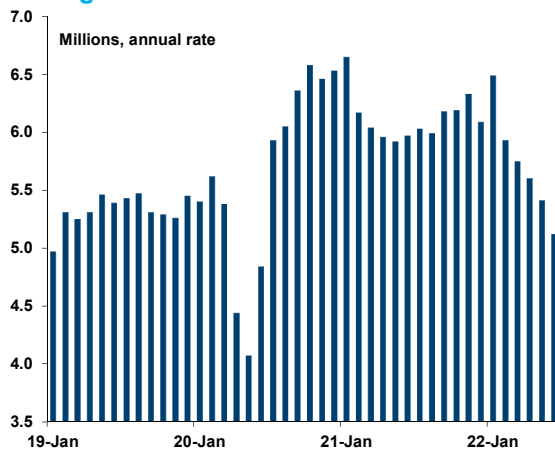
Sales of existing homes fell 5.4 percent in June, marking the fifth consecutive decline. Analysts were expecting a drop because of the constraining influence of elevated mortgage rates and sky-high prices, but the retreat was sharper than the expected decline of 1.1 percent. The cumulative decline in the past five months has pushed activity to its lowest level since the early stages of the expansion (chart, left).

Softness has been broad-based geographically. Three of the four major regions of the country fell in June, while the fourth area (the Northeast) showed no change. All four regions have eased to levels last seen in the early stages of the business expansion.

Despite the slow pace of sales, home prices continued to advance, with the median price in June at \$416,000, up from \$408,400 in May and \$366,900 in June of last year.

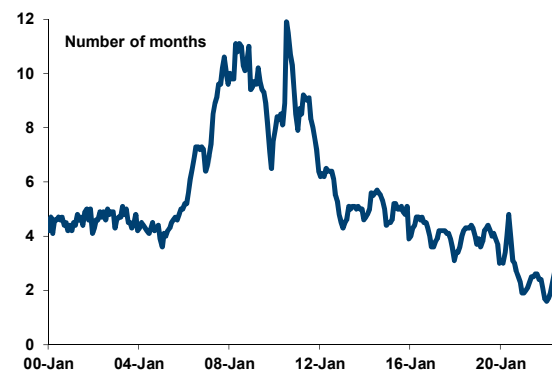
A limited number of existing homes for sale has been a problem in the past few years, but that situation is beginning to improve. The number of homes on the market rose 9.6 percent in June, notably stronger than the usually modest change for this month. (This series is not seasonally adjusted; the average change for June in the prior 10 years totaled -0.1 percent.) The increase in inventory pushed the months' supply of homes for sale to 3.0 months, up from 2.6 in May and the record low of 1.6 in January. Although much improved, the latest reading on months' supply is still low by historical standards (chart, right).

Existing Home Sales



Source: National Association of Realtors via Haver Analytics

Months' Supply of Existing Homes



Source: National Association of Realtors

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