

U.S. Data Review

- Existing home sales: activity picks up in September; inventories improve

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Existing Home Sales

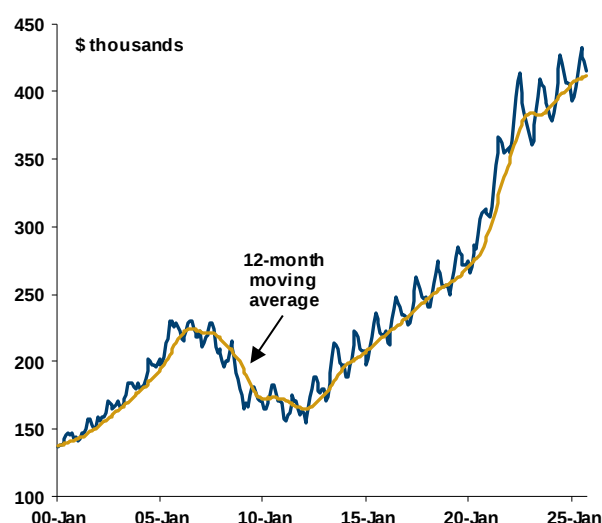
- Sales of existing homes rose 1.5 percent to 4.06 million units, annual rate, in September – in line with the median projection from the Bloomberg economist survey. Lower financing costs along with a modestly more attractive pricing environment seemingly served as catalysts for the latest gain. On the point, as mentioned by NAR Chief Economist Lawrence Yun in the official release: “As anticipated, falling mortgage rates are lifting home sales... Improving housing affordability is also contributing to the increase in sales.” However, despite September’s uptick, sales still remain in the doldrums, with the latest pace of activity in the low end of the longer-term range.
- The advance in activity was fairly broad based, with three of the four major geographical regions reporting increases in the final month of Q3. The West posted the largest month-to-month advance, with sales increasing 5.5 percent to 0.770 million units, annual rate. Concurrently, the Northeast and South rose 2.1 and 1.6 percent to 0.490 and 1.860 million units, respectively. The Midwest, meanwhile, was the only region to post a decline in the latest month, falling 2.1 percent to 0.940 million units. With that said, sales in all four regions remain in the low end of their respective historical ranges.
- The median sales price for existing homes eased for the third consecutive month in September, decreasing 1.7 percent to \$415,200 – a reading only modestly below the record high of \$432,700 recorded earlier in the spring. On a year-over-year basis, the measure rose 2.1 percent (a touch faster than August’s observation of +2.0 percent but off the +3.6 percent read in the same month last year).

Existing Homes Sales



Source: National Association of Realtors via Haver Analytics

Median Sales Price of Existing Homes*



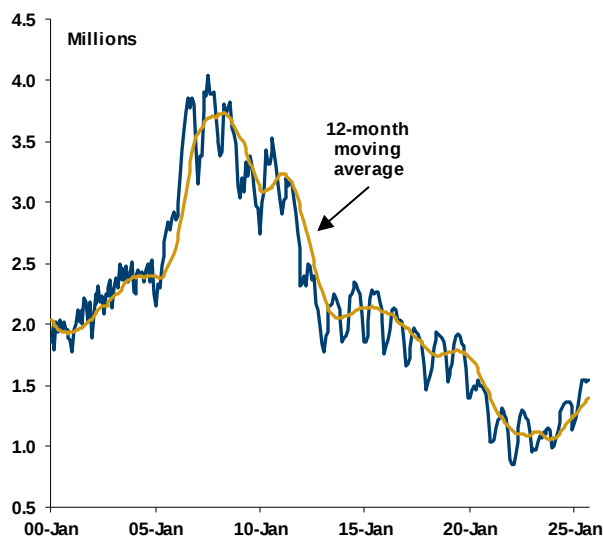
* Since this series isn't seasonally adjusted, we've included a 12-month moving average to give a sense of the underlying trend. Similarly, we've included a moving average for the chart on the non-seasonally adjusted inventory series.

Source: National Association of Realtors via Haver Analytics

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- The inventory of unsold homes increased 1.3 percent to 1.550 million units in September, a result that matches last July's five-year high but still low from a long-term perspective (+14.0 percent year-over-year). That observation translated to a months' supply of 4.6 months at the current sales pace, the third consecutive read at this level. September's observation is above the record low of 1.6 months in January 2022 and only a touch below last June's read of 4.7 months (which itself was a nine-year high). By and large, while evidence of improvement has emerged in recent months, a longstanding lack of inventory has supported both high prices and restrained sales in the market for existing homes. Meaningful improvement is unlikely to occur in the near term unless both mortgage rates and prices continue to tilt lower from their highs, thereby mitigating current affordability challenges. Moreover, we would add that recent softening in labor market conditions, and the attendant risks to household finances, could push a subset of potential buyers to the sidelines, a development that in our view does not necessarily imply that sales will soften further from the current underlying trend but rather raises the possibility that any prospective recovery in the current falling-rate environment could be delayed.

Inventory of Unsold Existing Homes*



* Not seasonally adjusted

Source: National Association of Realtors via Haver Analytics

Months' Supply of Unsold Existing Homes



Source: National Association of Realtors via Haver Analytics