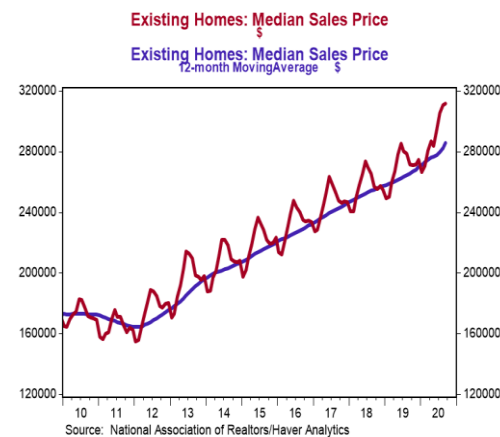
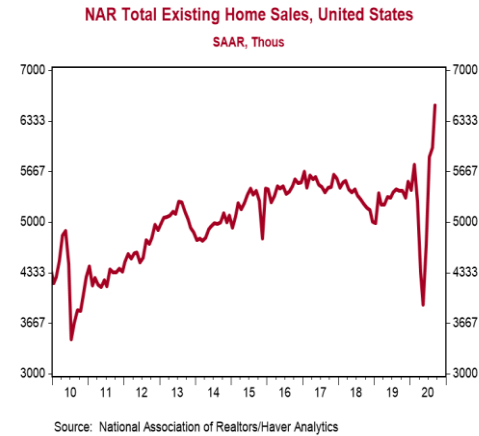


# September Existing Home Sales

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- Existing home sales increased 9.4% in September to a 6.540 million annual rate, beating the consensus expected 6.300 million. Sales are up 20.9% versus a year ago.
- Sales in September rose in all major regions. The gain was due to both single-family homes and condos/coops.
- The median price of an existing home rose to \$311,800 in September (not seasonally adjusted) and is up 14.8% versus a year ago. Average prices are up 11.6% versus last year.

**Implications:** Existing home sales continued to surpass consensus expectations in September, rising for a fourth consecutive month and hitting the highest pace since 2006. From February (pre-pandemic) to the bottom in May, sales collapsed 32.1%, as lockdown measures and widespread economic uncertainty took hold across the country. Since then sales have blown past the previous February high and are up 13.5% from pre-pandemic levels. One major contributor to the recent recovery has been the Fed’s liquidity policies, which have helped push 30-year fixed mortgage rates to record lows, boosting affordability. It also looks like the pandemic and the resulting public health measures have given potential buyers a new sense of urgency, with demand for existing homes so strong in September that 71% of the homes sold were on the market for less than a month. That said, sales face a continued headwind from the low inventory of existing homes. Today’s report showed that inventories were lower than any other September on record and down 19.2% versus a year ago (the best measure for inventories given the seasonality of the data). This is reflected in the months’ supply (how long it would take to sell today’s inventory at the current sales pace) of existing homes for sale, which is now 2.7, the lowest reading on record back to 1999. While lower priced homes are in short supply, inventories have increased in the past year at the upper end of the spectrum. Meanwhile, sales of properties worth \$1 million and over are up 106.5% in the past year, as wealthy urban dwellers purchase properties elsewhere to escape pandemic-related restrictions and social unrest. The shift in the mix of homes sold towards more expensive properties has put considerable upward pressure on median prices, which are now up 14.8% in the past year versus a year-over-year gain of 6.7% in January. Look for continued robust sales in the months ahead, although sales will eventually settle down due to a lack of supply. In other news this morning on the employment front, initial jobless claims fell 55,000 last week to 787,000. Meanwhile, continuing claims for regular benefits fell 1.024 million to 8,373 million. Finally, on the manufacturing front, the Kansas City Fed index rose to +13 in October from +11 in September, signaling ongoing improvement in the factory sector.



Existing Home Sales	Sep-20		Aug-20	Jul-20	3-month	6-month	Yr to Yr
	% Ch.	level	level	level	moving avg.	moving ave.	
<i>Seasonally Adjusted Unless Noted, Levels in Thous.</i>							
<b>Existing Home Sales</b>	<b>9.4%</b>	<b>6540</b>	5980	5860	6127	5220	20.9
<b>Northeast</b>	<b>16.2%</b>	<b>860</b>	740	650	750	625	22.9
<b>Midwest</b>	<b>7.1%</b>	<b>1510</b>	1410	1390	1437	1248	19.8
<b>South</b>	<b>8.5%</b>	<b>2800</b>	2580	2580	2653	2290	22.3
<b>West</b>	<b>9.6%</b>	<b>1370</b>	1250	1240	1287	1057	18.1
<b>Median Sales Price (\$, NSA)</b>	<b>0.5%</b>	<b>311800</b>	310400	305500	309233	298750	14.8

Source: National Association of Realtors