

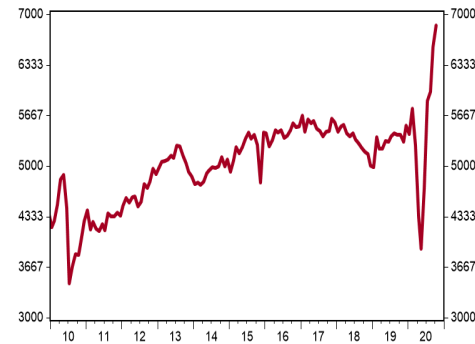
# October Existing Home Sales

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- Existing home sales increased 4.3% in October to a 6.850 million annual rate, easily beating the consensus expected 6.470 million. Sales are up 26.6% versus a year ago.
- Sales in October 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 \$313,000 in October (not seasonally adjusted) and is up 15.5% versus a year ago. Average prices are up 12.3% versus last year.

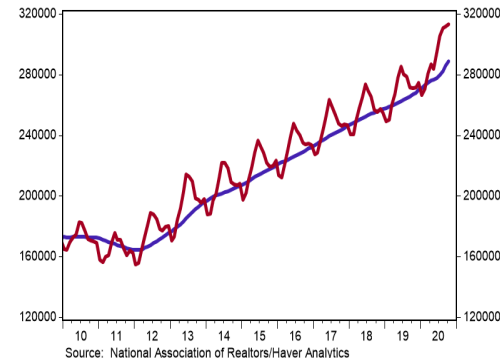
**Implications:** Existing home sales continued to impress in October, beating even the most optimistic forecast by any economics group and hitting the fastest pace since 2005. From February (pre-pandemic) to the bottom in May, sales collapsed 32.1%, as lockdown measures and widespread economic uncertainty took hold across the country. Since then sales have risen five months in a row, blown past the previous February high, and are now up 18.9% 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 October that 72% 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 October on record and down 19.8% 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 2.5, 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 102.2% 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 toward more expensive properties has put considerable upward pressure on median prices, which are now up 15.5% 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 rose 31,000 last week to 742,000. Meanwhile, continuing claims for regular benefits fell 429,000 to 6.372 million. Finally, on the manufacturing front, the Philly Fed index fell to a still very high +26.3 in October from +32.3 in September, signaling ongoing improvement in the factory sector but at a less breakneck pace.

NAR Total Existing Home Sales, United States  
SAAR, Thous



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	Oct-20		Sep-20	Aug-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>4.3%</b>	<b>6850</b>	6570	5980	6467	5645	26.6
<b>Northeast</b>	<b>4.7%</b>	<b>900</b>	860	740	833	685	30.4
<b>Midwest</b>	<b>8.6%</b>	<b>1640</b>	1510	1410	1520	1338	28.1
<b>South</b>	<b>3.2%</b>	<b>2910</b>	2820	2580	2770	2465	26.5
<b>West</b>	<b>1.4%</b>	<b>1400</b>	1380	1250	1343	1157	22.8
<b>Median Sales Price (\$, NSA)</b>	<b>0.5%</b>	<b>313000</b>	311400	310400	311600	303067	15.5

Source: National Association of Realtors