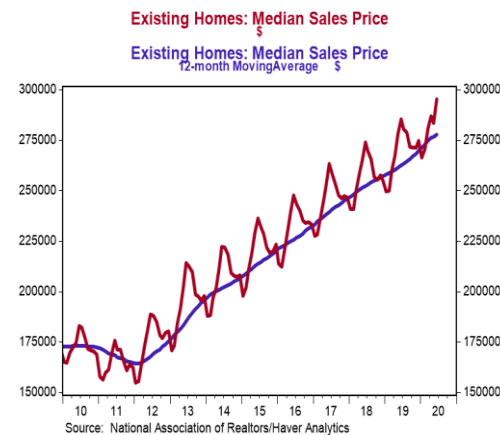
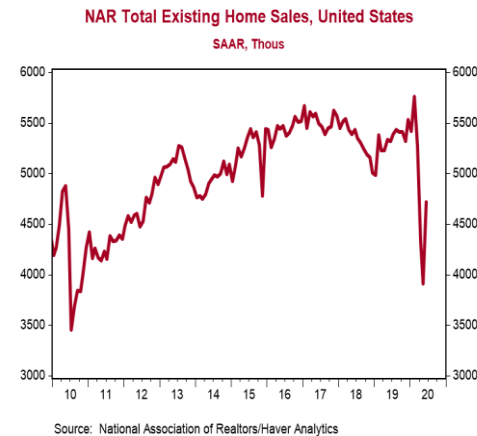


June Existing Home Sales

Brian S. Wesbury – Chief Economist
Robert Stein, CFA – Dep. Chief Economist
Strider Ellass – Senior Economist

- Existing home sales increased 20.7% in June to a 4.720 million annual rate, nearly matching the consensus expected 4.750 million. Sales are down 11.3% versus a year ago.
- Sales in June 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 \$295,300 in June (not seasonally adjusted) but is up 3.5% versus a year ago. Average prices are up 2.6% versus last year.

Implications: Following three consecutive months of declines, existing home sales in June posted the largest monthly gain on record going back to 1999. Remember, existing home sales are counted at closing, so June’s 20.7% surge mostly reflects contracts that were signed in May as lockdowns were largely being lifted around the country and buyers were able to pull the trigger on properties they were eyeing in quarantine. The recent “second-wave” of coronavirus cases began in June so it’s possible we see some short-term headwinds to continued growth in the coming months, but it looks like the existing home sales recovery has begun in earnest. One major contributor to the recent recovery has been the Fed’s liquidity policies, which have pushed mortgage rates below 3% for the first time on record, boosting affordability. In fact, demand for existing homes has remained so strong that 62% of homes sold in June were on the market for less than a month. It’s not hard to see why some buyers have stuck around despite the pandemic, with median price growth decelerating from an annual rate of 8.1% in February (pre-pandemic) to 3.5% in June; good deals abound for those who are willing to look. Notably, buyers have been signaling a preference for more personal space, avoiding dense urban areas in response to the pandemic. Since February, the last full month before the pandemic erupted, sales of condos/coops are down 26.7% while sales of single-family units are down only 17.1%. Going forward, sales still face a headwind from a low inventory of existing homes, as fewer potential sellers have been listing their properties due to anticipated pandemic-related weakness in the market. Inventories in June were down 18.2% versus a year ago (the best measure for inventories given the seasonality of the data). As employment recovers, inventories increase, and the Fed continues to hold rates low for the foreseeable future, the building blocks will be in place for a continued recovery in the housing market. In other housing news this morning, the FHFA index, which measures prices for homes financed by conforming mortgages, declined 0.3% in May but is up 4.9% from a year ago, a slowdown from the gain of 5.3% in the twelve months ending in May 2019.



Existing Home Sales	Jun-20		May-20	Apr-20	3-month	6-month	Yr to Yr
	%Ch.	level	level	level	moving avg.	moving ave.	% Change
<i>Seasonally Adjusted Unless Noted, Levels in Thous.</i>							
Existing Home Sales	20.7%	4720	3910	4330	4320	4902	-11.3
Northeast	4.3%	490	470	540	500	597	-27.9
Midwest	11.1%	1100	990	1100	1063	1168	-13.4
South	26.0%	2180	1730	1880	1930	2158	-4.0
West	31.9%	950	720	810	827	978	-13.6
Median Sales Price (\$, NSA)	4.1%	295300	283600	286700	288533	280483	3.5

Source: National Association of Realtors