

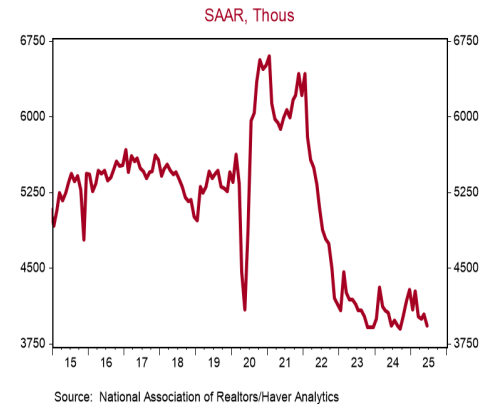
June Existing Home Sales

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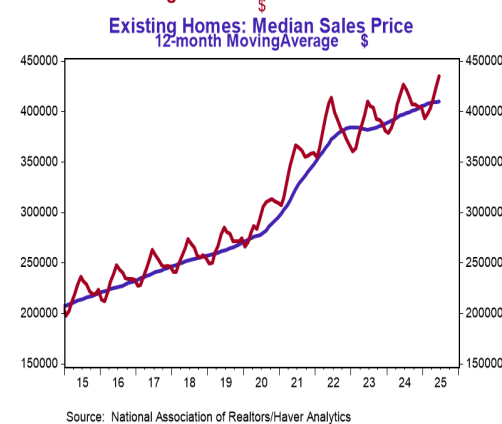
- Existing home sales declined 2.7% in June to a 3.930 million annual rate, lagging the consensus expected 4.000. Sales are unchanged versus a year ago.
- Sales in June fell in the Northeast, Midwest, and South, but rose in the West. The drop in June was entirely due to single-family homes. Sales of condos/co-ops were unchanged in June.
- The median price of an existing home increased to \$435,300 in June (not seasonally adjusted) and is up 2.0% versus a year ago.

Implications: Existing home sales came in weaker than expected in June, hitting a nine-month low as persistently high prices continue to put a damper on activity. The existing homes market has been characterized by fits and starts since 2022, with any positive upward trend eventually running into a ceiling of around 4.300 million. Big picture, sales are still well below the roughly 5.250 million annual pace that existed pre-COVID, let alone the 6.500 million pace during COVID. Affordability remains the biggest headwind, and unfortunately with the Federal Reserve still on pause with rate cuts, 30-year mortgage rates remain near 7%. Unfortunately, buyers are getting squeezed at both ends, with the median price of an existing home up 2.0% from a year ago. Notably, that price increase has happened despite the inventory of existing homes rising 15.9% in the past year. That has helped push the months' supply of homes (how long it would take to sell existing inventory at the current very slow sales pace) to 4.7 in June, a considerable improvement versus the past few years, and approaching the benchmark of 5.0 that the National Association of Realtors uses to denote a normal market. However, many existing homeowners remain reluctant to sell due to a "mortgage lock-in" phenomenon, after buying or refinancing at much lower rates before 2022. This remains an impediment to activity by limiting future existing sales (and inventories). While the situation has clearly improved recently, a tight inventory of existing homes means that while the pace of sales looks like 2008, we aren't seeing that translate into a big decline in prices. Existing home sales also face significant competition from new homes, where in many cases developers are buying down mortgage rates to compete and move inventory (when interest rates are higher, firms, including homebuilders, forego more potential earnings by holding onto inventories). Look for the housing market to remain stuck in low gear until affordability improves. In other recent news, the M2 measure of the money supply rose 0.6% in June and is up 4.5% from a year ago. This remains below the 6% growth that has been normal over the past few decades, and as we argued in this week's [MMO](#), we believe recent data supports modest rate cuts from the Federal Reserve. Finally, on the manufacturing front, the Richmond Fed index, a measure of mid-Atlantic factory activity, dropped unexpectedly to -20 in July from a reading of -8 in June.

NAR Total Existing Home Sales, United States



Existing Homes: Median Sales Price



Existing Home Sales	Jun-25		May-25	Apr-25	3-month	6-month	Yr to Yr
Seasonally Adjusted Unless Noted, Levels in Thous.	% Ch.	level	level	level	moving avg.	moving avg.	% Change
Existing Home Sales	-2.7%	3930	4040	4000	3990	4058	0.0
Northeast	-8.0%	460	500	480	480	490	-4.2
Midwest	-4.0%	950	990	970	970	977	2.2
South	-2.2%	1810	1850	1810	1823	1838	1.7
West	1.4%	710	700	740	717	753	-4.1
Median Sales Price (\$, NSA)	2.7%	435300	423700	414000	424333	411050	2.0

Source: National Association of Realtors