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July Existing Home Sales

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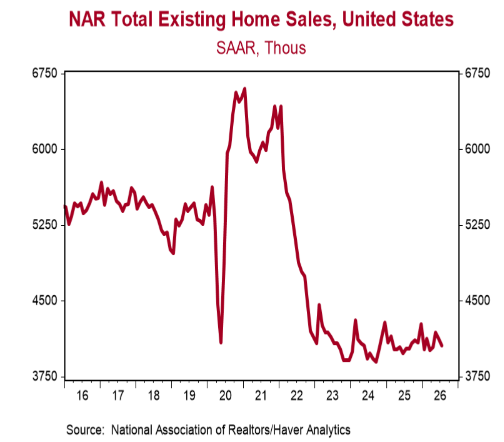
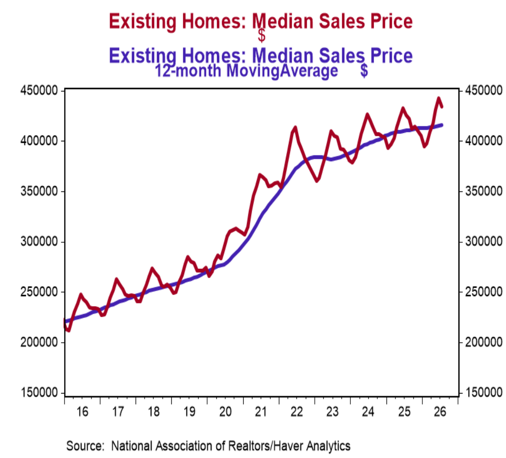
- Existing home sales declined 1.7% in July to a 4.060 million annual rate, nearly matching the consensus expected 4.050 million. Sales are up 0.7% versus a year ago.

- Sales in July fell in the South and Midwest, remained unchanged in the West, and increased in the Northeast. The drop in sales in July was entirely due to single-family homes. Sales of condos/co-ops remained unchanged in July.

- The median price of an existing home declined to $434,100 in July (not seasonally adjusted) and is up 2.0% versus a year ago.





Implications: Existing home sales continued to struggle in July, as the recent jump in mortgage rates kept potential buyers on the sideline. Sales declined 1.7% in July and are nearly unchanged from a year ago. Looking at the big picture, sales have been stuck around the July sales pace of 4.060 million for three years now, about the same pace as in the aftermath of the Great Financial Crisis, and well below the roughly 5.250 million annual pace pre-COVID (let alone the 6.500 million pace during COVID). The main issue remains affordability which has taken a turn for the worse in the aftermath of the conflict with Iran, with higher energy costs having an upward impact on short-term inflation. The result has been a rapid increase in 30-year mortgage rates, which have moved roughly 70 basis points higher since February and now sit around 6.8%. Higher inflation also takes further rate cuts from the Federal Reserve off the table for the time being. However, there is some good news for buyers. Since the COVID pandemic, many existing homeowners have been reluctant to sell due to a "mortgage lock-in" phenomenon, after buying or refinancing at generationally low mortgage rates during very loose COVID monetary policy. This meant that potential buyers had to deal with limited options. However, the existing home inventory has been improving recently and now sits near the highest level since the pandemic (though still well below pre-COVID levels). Meanwhile, the months' supply of homes (how long it would take to sell existing inventory at the current very slow sales pace) was 4.6 in July, approaching the benchmark of 5.0 that the National Association of Realtors uses to denote a normal market. Finally, though the median price of an existing home sits near a record high, it is up only 2.0% versus a year ago. Aggregate wage growth (hourly earnings plus hours worked) has been consistently outpacing median home price gains since early-2025, which improves affordability. While many cross currents remain, a collapse in housing, which some fear, is not in the cards and the fundamentals for a modest improvement in home sales are starting to emerge.

Existing Home Sales	Jul-26		Jun-26	May-26	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	**-1.7%**	**4060**	4130	4190	4127	4093	0.7
Northeast	**2.0%**	**500**	490	470	487	472	0.0
Midwest	**-2.0%**	**970**	990	1010	990	967	2.1
South	**-3.1%**	**1860**	1920	1960	1913	1903	0.0
West	**0.0%**	**730**	730	750	737	752	1.4
Median Sales Price ($, NSA)	**-2.0%**	**434100**	442800	431200	436033	422117	2.0

Source: National Association of Realtors