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August Existing Home Sales

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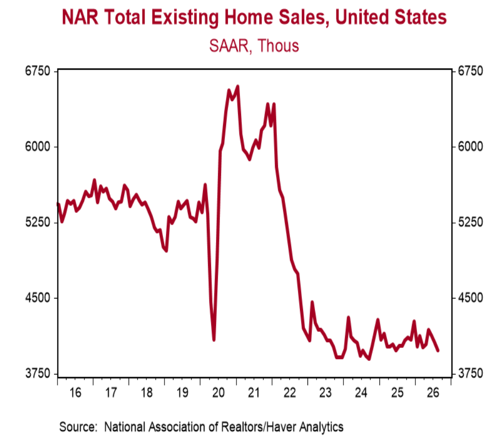
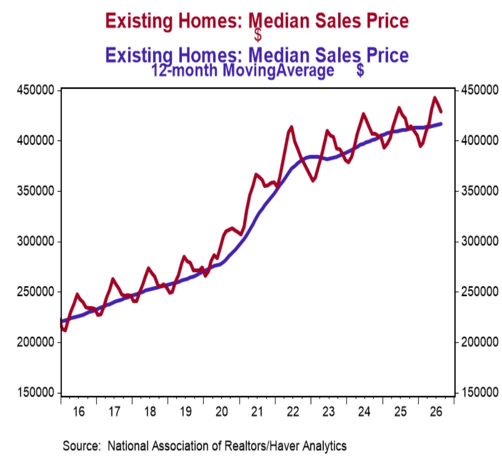
- Existing home sales declined 2.0% in August to a 3.980 million annual rate, matching consensus expectations. Sales are down 1.2% versus a year ago.
- Sales in August fell in the Northeast, Midwest, and South, but remained unchanged in the West. The drop in sales in August was due to both single-family homes and condos/co-ops.
- The median price of an existing home declined to $429,100 in August (not seasonally adjusted) but is up 1.6% versus a year ago.





Implications: Existing home sales continued to struggle in August, as the recent jump in mortgage rates kept potential buyers on the sideline. Sales declined 2.0% in August and are now at the slowest pace in more than a year. Looking at the big picture, activity has been stuck in low gear since the end of the COVID pandemic, with the annual sales pace hovering around 4.000 million. That is roughly in line with 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 are up 70 basis points since February and now sit around 6.8%. Buyers are also unlikely to get any help from the Federal Reserve due to recent strength in the US labor market and stubborn inflation putting rate hikes back on the table. 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 much lower rates before 2022. This meant that potential buyers had to deal with limited options. However, the existing home inventory has been improving recently and now sits at 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) rose to 4.9 in August, the highest level since 2015 and nearing 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 1.6% versus a year ago. Aggregate wage growth (hourly earnings plus hours worked) has been consistently outpacing median home price gains since early-2025, which gradually improves affordability. While many cross currents remain, the fundamentals for a modest improvement in home sales are starting to emerge.

Existing Home Sales	Aug-26		Jul-26	Jun-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	**-2.0%**	**3980**	4060	4130	4057	4068	-1.2
Northeast	**-4.0%**	**480**	500	490	490	473	-2.0
Midwest	**-3.1%**	**940**	970	990	967	963	-2.1
South	**-1.6%**	**1840**	1870	1920	1877	1892	0.0
West	**0.0%**	**720**	720	730	723	740	-2.7
Median Sales Price ($, NSA)	**-1.7%**	**429100**	436400	442800	436100	427683	1.6

Source: National Association of Realtors