

Existing Home Sales Resume Gains, Realtors Say More to Come

By: Jann Swanson | Thu, Nov 21 2019, 11:24 AM

Existing-home sales got back on track in October, partially recovering from a 2.2 percent slip in September that ended a two-month winning streak. The National Association of Realtors® (NAR) said previously owned single-family houses, townhouses, condos, and cooperative apartments sold at a seasonally adjusted annual rate of 5.46 million during the month, a 1.9 percent increase from September. This put sales **3.6 percent higher than the 5.22 million rate of sales in October 2018**.

Sales of single-family homes were at a rate of 4.87 million in October compared to 4.77 million the previous month, a gain of 2.1 percent. Sales were 5.4 percent higher than a year earlier. Condo and co-op sales were largely unchanged from the prior month and were 1.7 percent lower than in October 2018 at 590,000 annualized units.

Analysts polled by *Econoday* had expected sales to increase to 5.480, million units, slightly higher than the NAR number, but their percentage gain was on target with a consensus of 1.9 percent. The discrepancy was probably due to a small NAR revision to its September number. *Econoday's* estimates ranged from a decline of 1.5 percent to growth of 3.2 percent.

Lawrence Yun, NAR's chief economist, said this sales increase is encouraging **and he expects added growth in the coming months**. "Historically-low interest rates, continuing job expansion, higher weekly earnings and low mortgage rates are undoubtedly contributing to these higher numbers," said Yun. "We will likely continue to see sales climb as long as potential buyers are presented with an adequate supply of inventory."

The **median existing-home price** for all housing types in October was \$270,900, up 6.2% from last October's median of \$255,100. Prices rose in all regions. It was the 92nd straight month of annual price gains. The median existing single-family home price was up 6.2 percent to \$273,600 and condo prices grew 5.6 percent to a median of \$248,500.

Inventories softened again, declining 2.7 percent from September's 4.1-month supply to 1.77 million units or a 3.9-month supply at the current rate of sales. In October 2018 there was a 4.3-month supply at 1.85 million units.

Yun noted the improved residential construction numbers released earlier in the week. "The issuance of more housing permits is a very positive sign and a good step toward more inventory. In order to better counter and even slow the increase in housing prices, home builders will have to bring additional homes on the market."

The timeline for a typical sale was 36 days, up from 32 days in September and consistent with October 2018 numbers. Forty-six percent of homes sold during the month were on the market for less than 30 days.

First-time buyers were responsible for 31 percent of sales in October, the same percentage as a year earlier but down from 33 percent in September. Individual investors or second-home buyers purchased 14 percent of homes sold during the month and all-cash sales, many of them investor purchases, represented 19 percent of transactions. Distressed sales continue to be a negligible factor, accounting for 2 percent of October's sales.

"It is great to see home sales rise along with an increase in housing permits," said NAR President Vince Malta. "Both home buyers and the home sellers are being rewarded by these developments, and we see that conditions remain extremely favorable for real estate investment in America."

Monthly sales performance was uneven across regions, but all four saw sales equal to or higher than a year earlier. Sales in the **Northeast** fell 1.4 percent to an annual rate of 690,000, with no change from a year ago. The median price in the region was \$296,700, up 5.7 percent year-over-year.

The **Midwest** posted an increase in existing-home sales of 1.6 percent from September. The annual rate of 1.29 million units was 2.4 percent higher than a year ago. The median price in the Midwest rose 6.7 percent to \$209,900.

Existing-home sales in the **South** increased 4.4 percent for the month and 7.8 percent on an annual basis to 2.35 million units. The median price rose 6.0 percent to \$234,900.

Sales fell by 0.9 percent in the **West** but remained 3.7 percent higher than a year ago at 1.13 million annual units. The region led the nation in price gains with the median price increasing 7.8 percent to \$410,700.

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