

Existing Home Sales Rise Slightly but Inventory Tightens Again

By: Jann Swanson | Mbn, Nov 22 2021, 11:11 AM

Existing home sales moved higher in October, the **second consecutive month of growth**. The National Association of Realtors® (NAR) said sales of pre-owned single-family houses, townhomes, condos and cooperative apartments was at a seasonally adjusted annual rate of 6.34 million units. This was 0.8 percent higher than the rate of 6.290 million in September but 5.8 percent below the 6.73 million rate a year earlier.

Single-family home sales increased 1.3 percent from 5.59 million in September to a seasonally adjusted annual rate of 5.66 million, but this lagged the October 2020 sales by 5.8 percent. Condo and co-op sales fell 2.9 percent month-over-month to 680,000 units and were 5.6 percent lower on an annual basis.

Sales were **slightly higher than estimated** by analysts polled by Econoday and Trading Economics. Both had projected a consensus of a 6.2 million rate.

"Home sales remain resilient, despite low inventory and increasing affordability challenges," said Lawrence Yun, NAR's chief economist. "Inflationary pressures, such as fast-rising rents and increasing consumer prices, may have some prospective buyers seeking the protection of a fixed, consistent mortgage payment."

The median existing-home sales price increased 13.1 percent year-over-year to \$353,900, the 116th straight month of year-over-year increases and the longest streak on record. Single-family prices rose 13.5 percent to a median of \$350,800 while condo prices grew 8.7 percent to a median of \$296,700.

The supply of available homes for sale declined again, this time by 0.8 percent, to 1.25 million units. This is 12.0 percent fewer listings than a year earlier. Unsold inventory is estimated at a 2.4-month supply at the current sales pace, unchanged from September and down from 2.5 months in October 2020.

"Among some of the workforce, there is an ongoing trend of flexibility to work anywhere, and this has contributed to an increase in sales in some parts of the country," said Yun. "Record-high stock markets and all-time high home prices have worked to significantly raise total consumer wealth and, when coupled with extended remote work flexibility, elevated housing demand in vacation regions."

Properties typically remained on the market for 18 days in October, up from 17 days in September but 3 fewer days than in October 2020. Eighty-two percent of homes sold in October 2021 were on the market for less than a month.

In October, first-time buyers were responsible for 29 percent of sales, up from 28 percent in September and down from 32 percent in October 2020. Individual investors or second-home buyers accounted for 17 percent of sales compared to 14 percent a year earlier. Twenty-four percent of sales were all cash, 1 percentage point more than in September and up from 19 percent in October 2020.

Speaking for the Mortgage Bankers Association, its AVP of Economic and Industry Forecasting Joel Kan said, "Housing demand continues to be held back by insufficient supply. Nevertheless, it was positive news that home sales increased for the second month in a row and at the fastest pace of sales since January 2021.

"Inventory declined to 1.25 million homes for sale, **reiterating the need for more for-sale units** from both homeowners listing their homes for sale, and the construction of new homes, to supplement and replenish the country's aging housing stock. The median sales price picked up again after three monthly declines and was 13 percent higher than a year ago. The housing market heading into 2022 is still feeling the effects of a persistent supply and demand imbalance."

Existing-home sales in the Northeast fell 2.6 percent in October to an annual rate of 750,000 units, a 13.8 percent year-over-year loss. The median price was \$379,100, marking 6.4 percent appreciation.

The Midwest saw an increase in sales of 4.2 percent to 1.5 million units. This was down 6.3 percent from the previous October. The median price rose 7.8 percent to \$259,800.

Existing-home sales in the South were up 0.4 percent to 2.78 million but were off 3.5 percent from the prior August. The median price in the South was \$315,500, an appreciation of 16.1 percent.

Sales in the West were unchanged from the prior month at 1.310 million units. This was 5.1 percent lower than sales a year earlier. The price of a median home grew 7.7 percent to \$507,200.

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