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Existing Sales Beat Forecast Despite Taking a Hit From Hurricanes

It was **only a small gain**, albeit larger than analysts expected, but after three straight months of sliding sales, the existing home sales report for September is still good news. The National Association of Realtors® (NAR), said the month saw closed transactions for the purchase of single-family houses, townhouses, condos and cooperative apartments rise to a seasonally adjusted annual rate of 5.39 million. This is an increase of 0.7 percent from the August rate of 5.35 million.

NAR noted that "Ongoing supply shortages and recent hurricanes muted overall activity." This meant that even as sales were higher compared to August, they were down 1.5 percent year-over-year and were the second slowest of the year, trailing only those in August.

Analysts polled by Econoday were looking for sales in the range of 5.1 to 5.4 million. The consensus was for 5.3 million units.

The monthly increase was solely due to rising **strength in single-family sales**. They climbed 1.1 percent to a seasonally adjusted annual rate of 4.79 million from 4.74 million in August, but are still 1.2 percent under the 4.85 million pace a year ago. Those sales were offset however by a decline of 1.6 percent in condo and co-op sales which are now running 3.2 percent behind year-earlier rates.

Lawrence Yun, NAR chief economist, noted that September was the first time that sales had declined on an annual basis since July 2016. "Home sales in recent months remain at their lowest level of the year and are unable to break through, despite considerable buyer interest in most parts of the country," he said. "Realtors this fall continue to say the primary impediments stifling sales growth are the same as they have been all year: **not enough listings** - especially at the lower end of the market - and fast-rising prices that are straining the budgets of prospective buyers."

Added Yun, "Sales activity likely would have been somewhat stronger if not for the fact that parts of Texas and South Florida - hit by **Hurricanes Harvey and Irma** - saw temporary, but notable declines."

The median existing-home price for all housing types in September was \$245,100, up 4.2 percent from the September 2016 median of \$235,200. September's price increase marks the 67th straight month of year-over-year gains. The median existing single-family home price was \$246,800, a 4.2

National Average Mortgage Rates



	Rate	Change	Points
Mortgage News Daily			
30YR Fixed	7.29%	-0.06	0.00
15YR Fixed	6.95%	-0.05	0.00
30YR FHA	6.91%	-0.08	0.00
30YR Jumbo	7.55%	-0.05	0.00
7/6 SOFR	6.88%	+0.02	0.00
30YR VA	6.92%	-0.08	0.00

Rates as of: 10/29

Recent Housing Data

		Value	Change
Mortgage Apps	Oct 14	188.6	-5.32%
Building Permits	Sep	1.4M	+0.43%
Housing Starts	Sep	1.22M	-4.24%
New Home Sales	Aug	684K	+12.69%
Pending Home Sales	Aug	71.2	0%
Existing Home Sales	Oct	3.99M	+0.25%
Builder Confidence	Oct	29	-9.38%

percent annual increase while condo prices were up 4.1 percent to a median of \$231,300.

There were an estimated 1.90 million existing homes for sale at the end of September, a 1.6 percent increase from August, but 6.4 percent fewer than the 2.03 million available for sale a year ago. The **inventory has now fallen** year-over-year for 28 consecutive months. Unsold inventory is estimated at a 4.2-month supply at the current sales pace, which is down from 4.5 months a year ago.

"A continuation of last month's alleviating price growth, which was the slowest since last December (4.5 percent), would improve affordability conditions and be good news for the would-be buyers who have been held back by higher prices this year," said Yun.

The share of **first-time buyers** slipped again, from 31 percent in August to 29 percent, matching the lowest share since September 2015. Last September 34 percent of sales were to first-timers.

The investor share of the market was 15 percent, unchanged from both August and a year ago, and distressed sales accounted for 4 percent of the total, also unchanged from the two earlier periods. Twenty percent of September transactions were all cash.

Yun said, "Nearly two-thirds of renters believe now is a **good time to buy** a home, but weakening affordability and few choices in their price range have made it really difficult for more aspiring first-time buyers to reach the market."

NAR President William E. Brown, says Congress should keep in mind the barriers affecting prospective first-time buyers as they move forward with tax reform in the coming months. "There's no way around the fact that any proposal that marginalizes the mortgage interest deduction and eliminates state and local tax deductions essentially disincentivizes homeownership and is a potential tax hike on millions of middle-class homeowners," he said. "Reforming the tax code is a worthy goal, but it should not lead to the middle class, who primarily build wealth through owning a home, footing the bill. Instead, Congress should be looking at ways to ensure more **creditworthy prospective buyers** are able to achieve homeownership and enjoy its personal and wealth-building benefits."

Properties typically stayed on the market for 34 days in September, which is up from 30 days in August but five days less than a year ago. Forty-eight percent of homes sold in September were on the market for less than a month.

September existing-home sales in the **Northeast** were at an annual rate of 720,000, unchanged from August, and are now 1.4 percent lower than a year ago. The median price was \$274,100, a 4.8 percent annual increase.

Sales in the **Midwest** rose 1.6 percent to an annual rate of 1.30 million, dropping 1.5 percent behind a year ago. The median price increased 5.4 percent to \$195,800.

Existing-home sales in the **South** slipped 0.9 percent to an annual rate of 2.13 million and are now 2.3 percent lower than a year ago. Prices were up 4.6 percent to a median of \$215,100.

There was a 3.3 percent month-over-month increase in existing sales in the **West**, to an annual rate of 1.24 million; unchanged on an annual basis. The median price gained 5.0 percent to \$362,700.

About Casey Sullivan

Casey is a dedicated and dependable mortgage loan officer. His clients count on him to be their skilled, experienced, and focused consultant, listening to their needs.

He skillfully assists his clients with both refinancing and home purchases in California and more specifically the San Francisco Bay Area.

His vision is to build lifetime relationships with each client as their mortgage consultant...for life! He stays connected with each client well after closing which includes loan reviews and dependable market updates.

Casey believes that everyone deserves to completely understand their mortgage financing options and that one size does not fit all when it comes to mortgages. Nor does it apply when it comes to mortgage lenders. All lenders are not made the same and they are not all equal.

For a free consultation, contact Casey Sullivan today at 925-395-4212 or Casey@TheSullivanGrp.com

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