

U.S. Data Review

- Existing home sales: flat at a low level

Michael Moran

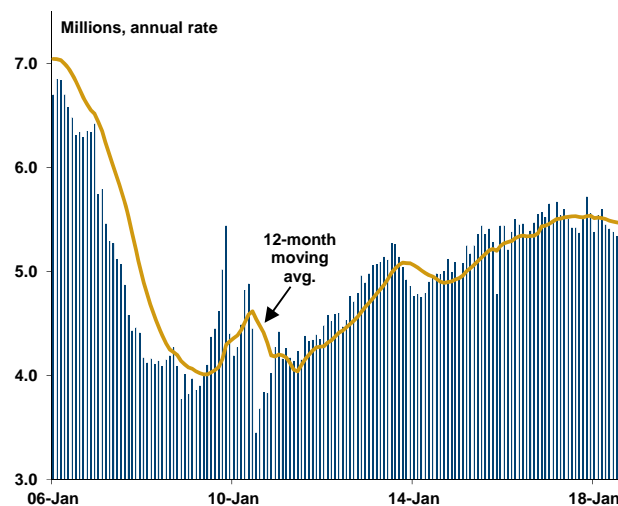
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Existing Home Sales

Sales of existing homes were unchanged in August. The latest month ended a string of four consecutive declines, but we still viewed activity as disappointing in that it did not regain any lost ground and remained low relative to sales last year and in the early months of this year. Sales in August were 3.5 percent below the average from last year and in the low portion of the range of the past three years (chart, left).

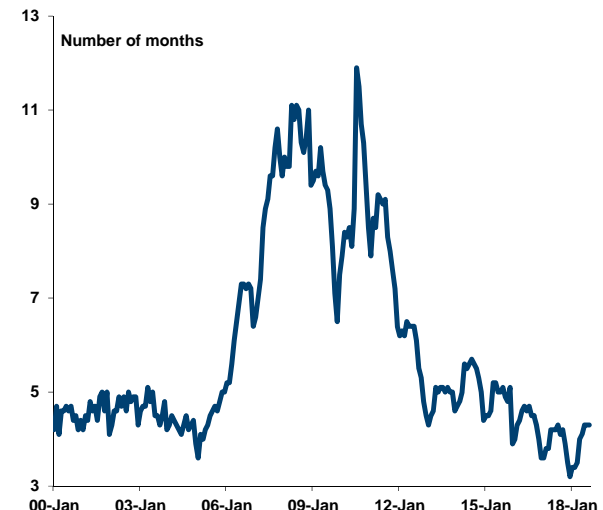
The National Association of Realtors has highlighted tight inventories as a factor in the slow pace of sales. The supply of homes for sale has picked up recently, although inventories might still be viewed as tight (chart, right). We suspect that an easing in demand also has been a factor. Increases in home prices in the past several years and an increase in interest rates in the past year have probably led some prospective homebuyers to hesitate. A slowing in the rate of increase in home prices in recent months also suggests that demand is a factor (the index of home prices published by the Federal Housing Finance Agency has increased at an average pace of 0.2 percent in the past four months versus 0.6 percent in the 12 months before this softening).

Existing Home Sales



Source: National Association of Realtors via Haver Analytics

Months' Supply of Unsold Homes



Source: National Association of Realtors via Haver Analytics

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