

U.S. Data Review

- Existing home sales: broad-based easing in September

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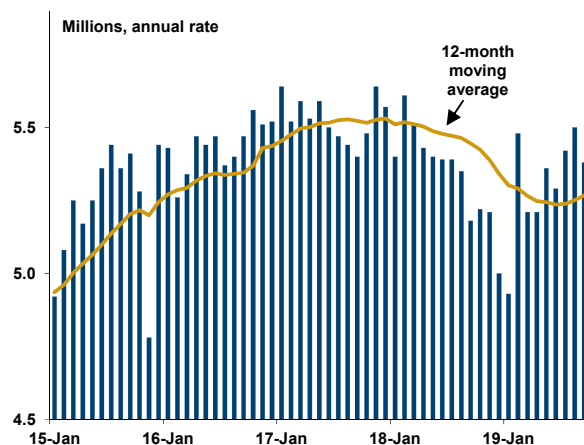
Existing Home Sales

Sales of existing homes fell 2.2 percent in September, noticeably softer than the expected drop of 0.7 percent. Some of the sharper-than-expected percentage change was the result of an upward revision to results in August, but this effect was small (only 0.2 percentage point). The surprise primarily reflected a shortfall in activity, as the level of sales was softer than expected (5.38 million units, annual rate, versus an expectation of 5.45 million; chart, left). The results were still respectable, as the September total was among the best of the past year and it exceeded by a small margin the average from 2018. However, activity was still well shy of the average from 2017 (the best year for housing in the current cycle), and one might have hoped that low interest rates would stir activity.

The slow results did not seem to be the result of special factors, as the easing was broad-based geographically, with all four major regions of the country posting declines posted. Activity in the West fell moderately (off 0.9 percent), while the declines in other areas ranged from 2.1 to 3.1 percent. Affordability is likely an issue, as prices have steadily advanced since 2012. Lean inventories are contributing to the upward pressure on prices, as the National Association of Realtors again noted that the lack of supply was inhibiting sales and pushing prices higher.

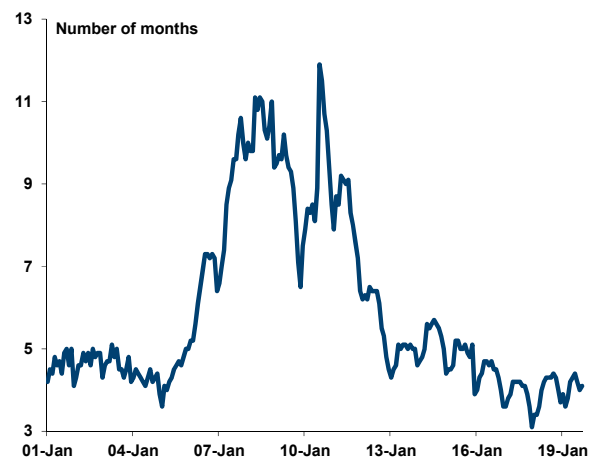
The number of homes for sale was unchanged in September, which could be viewed as a good performance (this series is not seasonally adjusted, and the number of homes on the market typically declines in September). With inventory unchanged and sales lower, the months' supply of homes rose slightly month-to-month (4.1 versus 4.0 in August), but this measure matched the average in the first eight months of the year and trailed slightly the average from last year (chart, right).

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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