

U.S. Data Review

- Existing home sales: modest pickup

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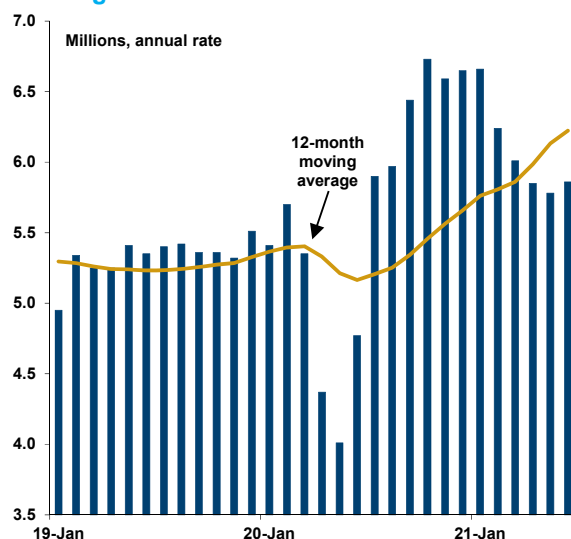
Existing Home Sales

Sales of existing homes rose 1.4 percent in June, slightly less than the expected increase of 1.7 percent. In addition, the change occurred from a downwardly revised level in May (trimmed by 0.3 percent). All told, the new sales total of 5.86 million (annual rate) was lighter than the consensus estimate of 5.90 million. The new total was firmer than results seen before the onset of the pandemic, but it lags the strong pace of activity late last year and early this year (chart, left).

Sales in recent months have faced two challenges: light inventories and elevated prices. The inventory situation improved slightly in June, as the number of listings rose 3.3 percent, much stronger than the average of -0.2 percent in the prior 10 years (this series is not seasonally adjusted; the 10-year average shows that June is typically a light month for listings). The months' supply of homes available for sale inched up to 2.6 from 2.5 in May and a recent low of 1.9 percent around the turn of the year. Despite the recent improvement, the months' supply of homes remains low by historical standards (chart, right).

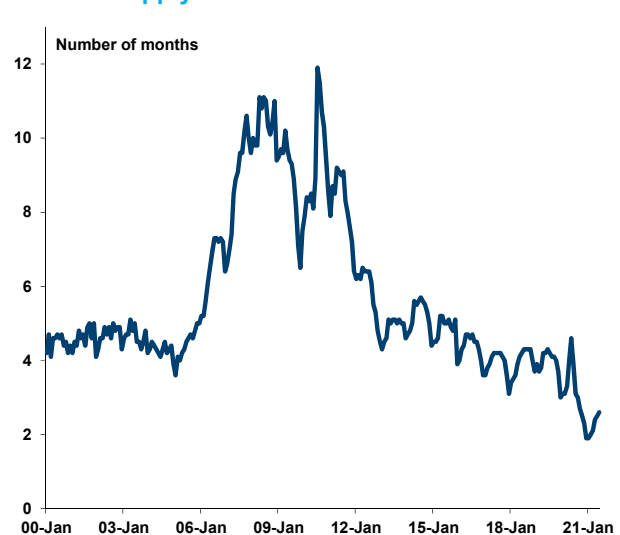
The median price of existing homes rose 3.7 percent in June, continuing a strong upward trend that began last summer. The string of increases has generated a cumulative advance of 23.4 percent in the past year. This is not our preferred measure of home prices because it will fluctuate with changes in the composition of homes sold, but other measures based on comparable sales also show marked pressure. For example, the index published by the Federal Housing Finance Agency is up 15.7 percent in the year ended April (latest available). The now-elevated level of prices has probably squeezed some potential buyers from the market.

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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