



Economics Group

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Existing Home Sales Beat Expectations, Rise in August

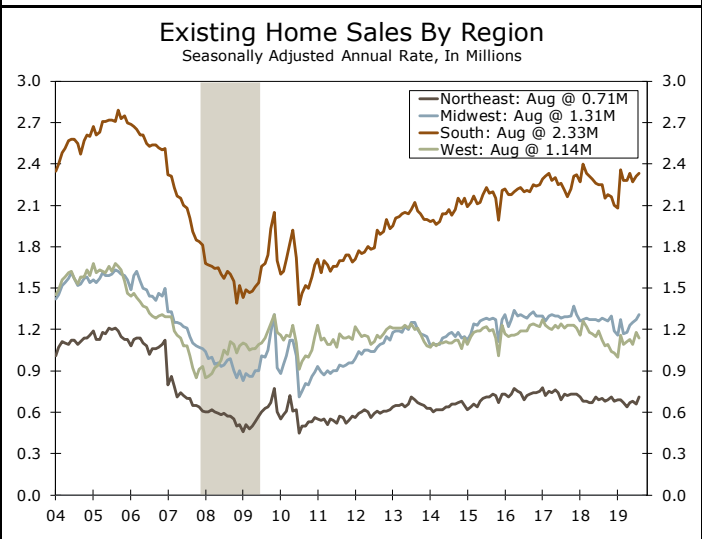
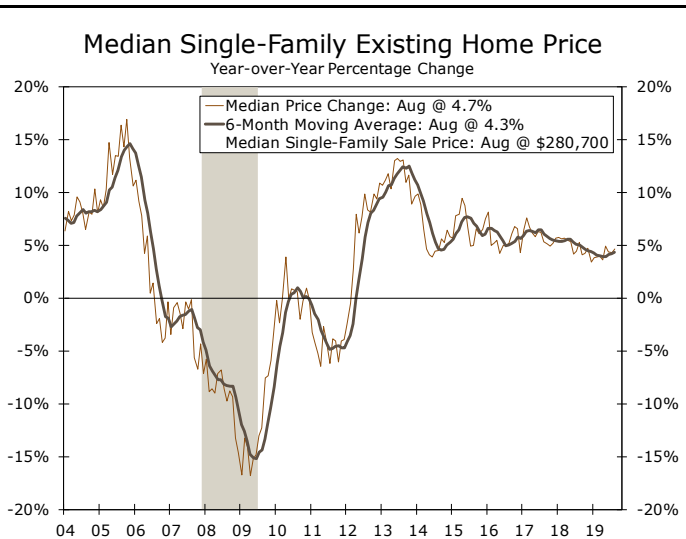
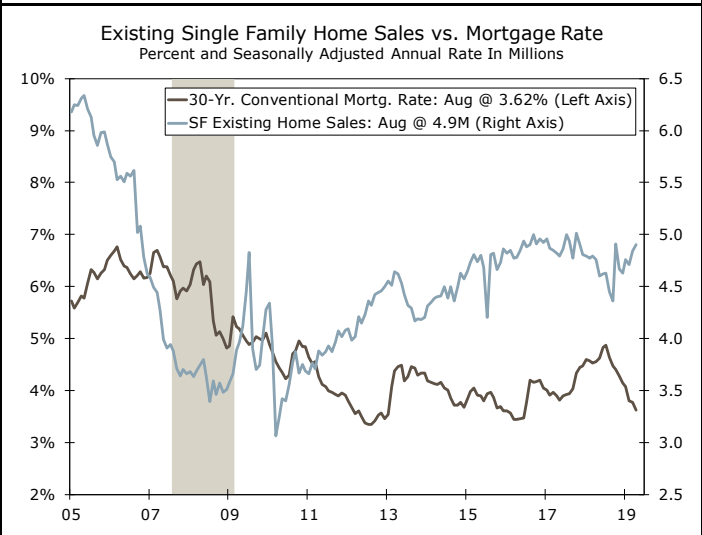
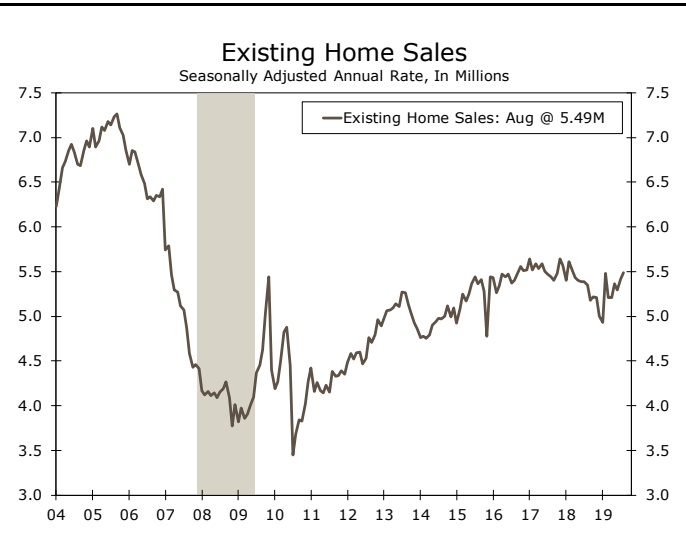
Resales rose a modest 1.3% to a 5.49 million-unit pace, exceeding expectations calling for a small decline. Lower mortgage rates are enticing buyers back to the market. Prices have firmed up a bit.

Highest Sales Pace Since March 2018

- Existing home sales rose again in August, marking the first back-to-back increase since 2017. This rise in sales, along with higher selling prices and yesterday's above-consensus housing starts, mean residential investment will finally add to overall GDP growth, boosting prospects for the third quarter.
- Lower mortgage rates are enticing buyers into the market, as evidenced by the recent rise in mortgage purchase applications.

Supply Remains Tight, Prices Still Rising

- Sales rose 7.6% and 3.1%, respectively, in the Northeast and Midwest. The South—the largest region for residential activity—saw sales rise 0.9%, but sales fell 3.4% in the West.
- Inventory levels remain low, at a 4.1-month supply, down from 4.3 months last August. Stronger sales and limited supply are pushing up prices. The 4.7% year-over-year price increase for resales in August was the second highest rate this year.



Source: National Association of Realtors, Freddie Mac and Wells Fargo Securities

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