

## **Datanote: US Existing Home Sales, September 2024**

**In one line: Weakness due to high mortgage rates, not hurricanes or the approaching elections.**

- Existing home sales dropped to 3.84M in September, from 3.88M in August, below the consensus, 3.88M.

September's low level of existing home sales primarily is due to very high mortgage rates, not Hurricane

Helene or the approaching elections. The hurricane made landfall September 26, so most of the month was unaffected. Sales were in line with the weakness of August's pending home sales, suggesting the hurricane had no impact on completions. Note too that sales in the South fell by 1.7% month-to-month, less than in the Northeast and Midwest, down 4.2% and 2.2%, respectively. In addition, existing home sales were 2.7% above their trailing three-month average in September 2012 and 1.0% above in

September 2016, suggesting political uncertainty has little impact on home-buying decisions.

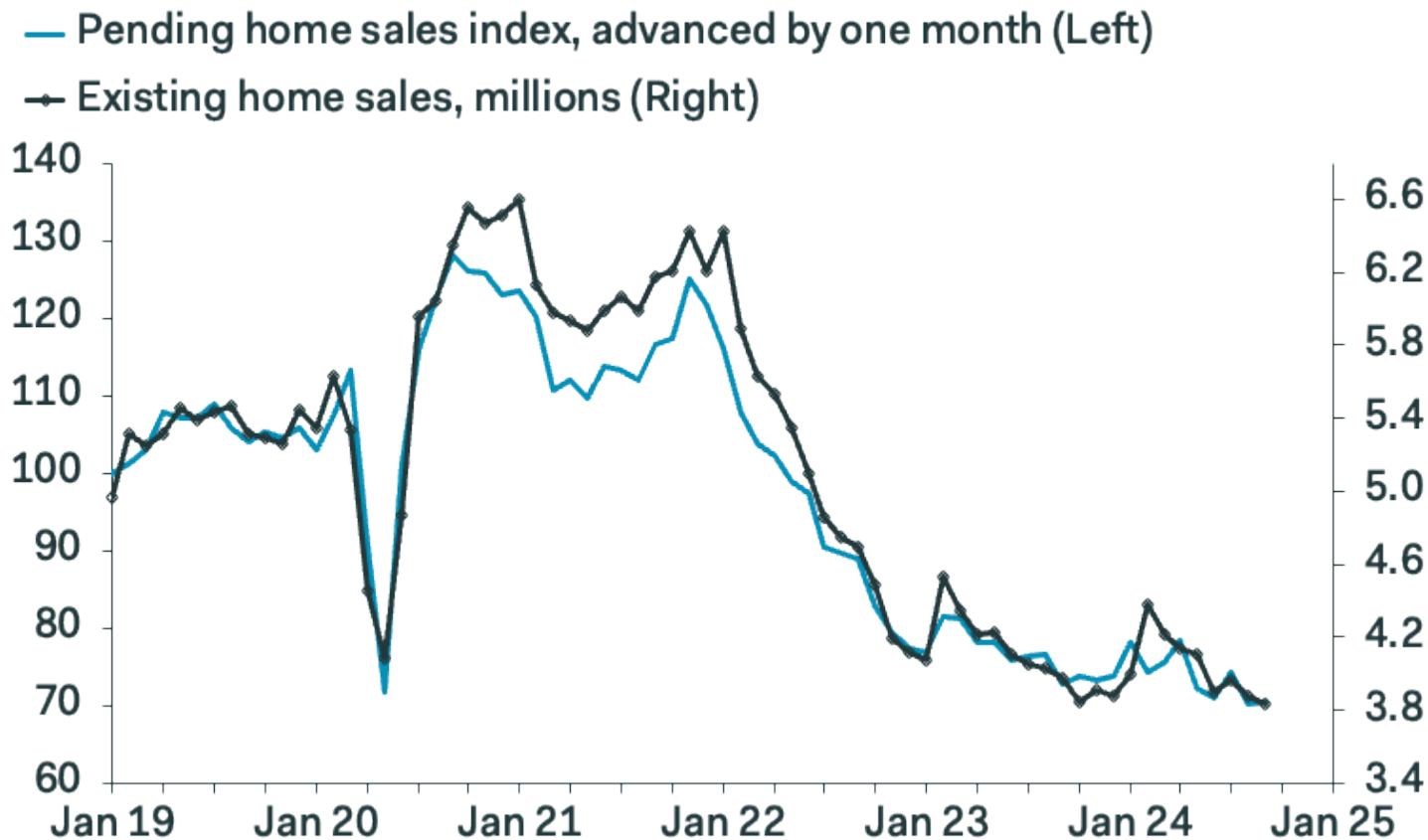
Looking ahead, we expect housing market activity to remain subdued well into 2025. The average interest rate on existing mortgages is just 4%, well below the current 6.5% rate for new mortgages. As a result, interest payments for most existing homeowners will jump if they move home, creating a huge incentive to stay put. Only large Fed policy easing

will meaningfully change this calculus. House purchase demand also will remain weak if, as we expect, the unemployment rate continues to rise, undermining confidence. The consumer confidence surveys universally show the proportion of households intending to buy a home in the next 12 months remains well below pre-Covid norms.

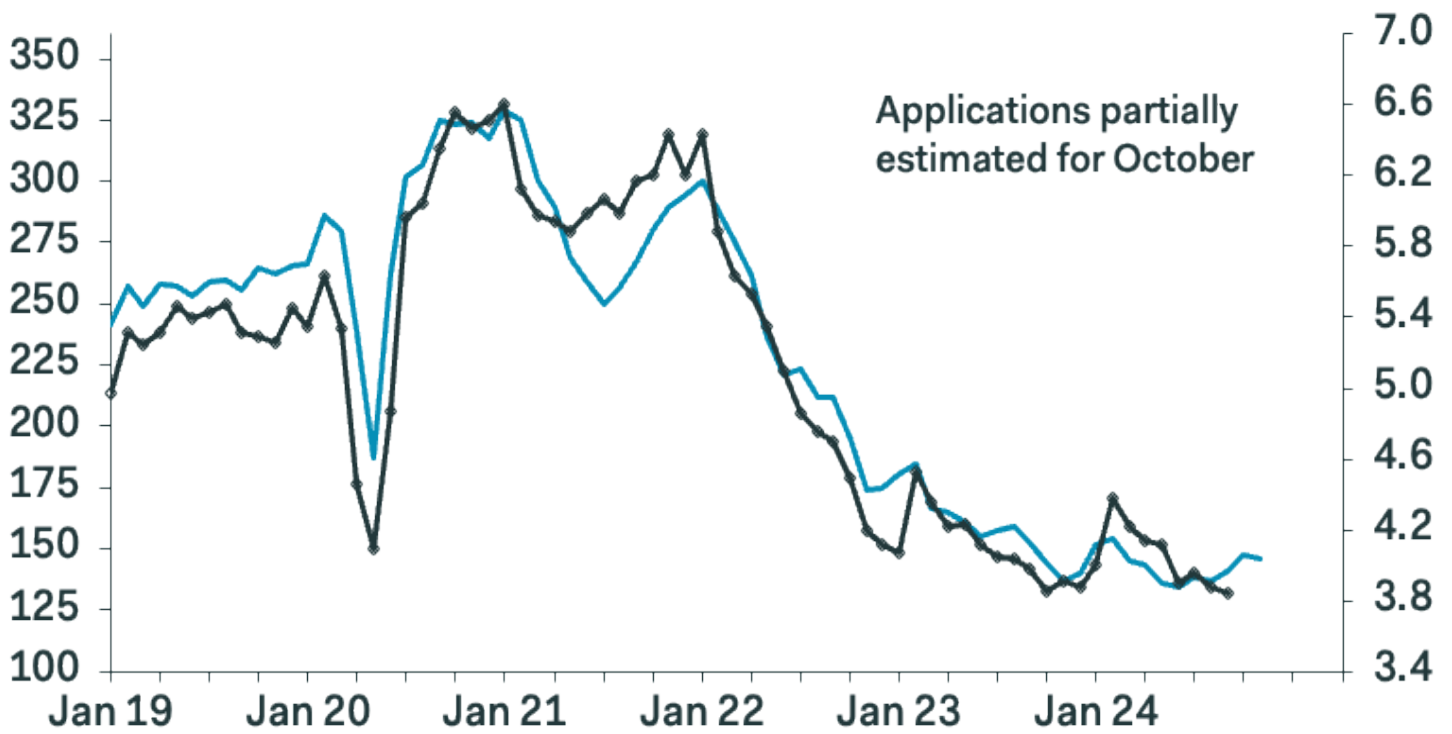
Demand is currently so weak that it would now take four months to sell all of the existing homes on the market—the same as in the late 2010s—

despite a one-third fall in the number of properties for sale since then.

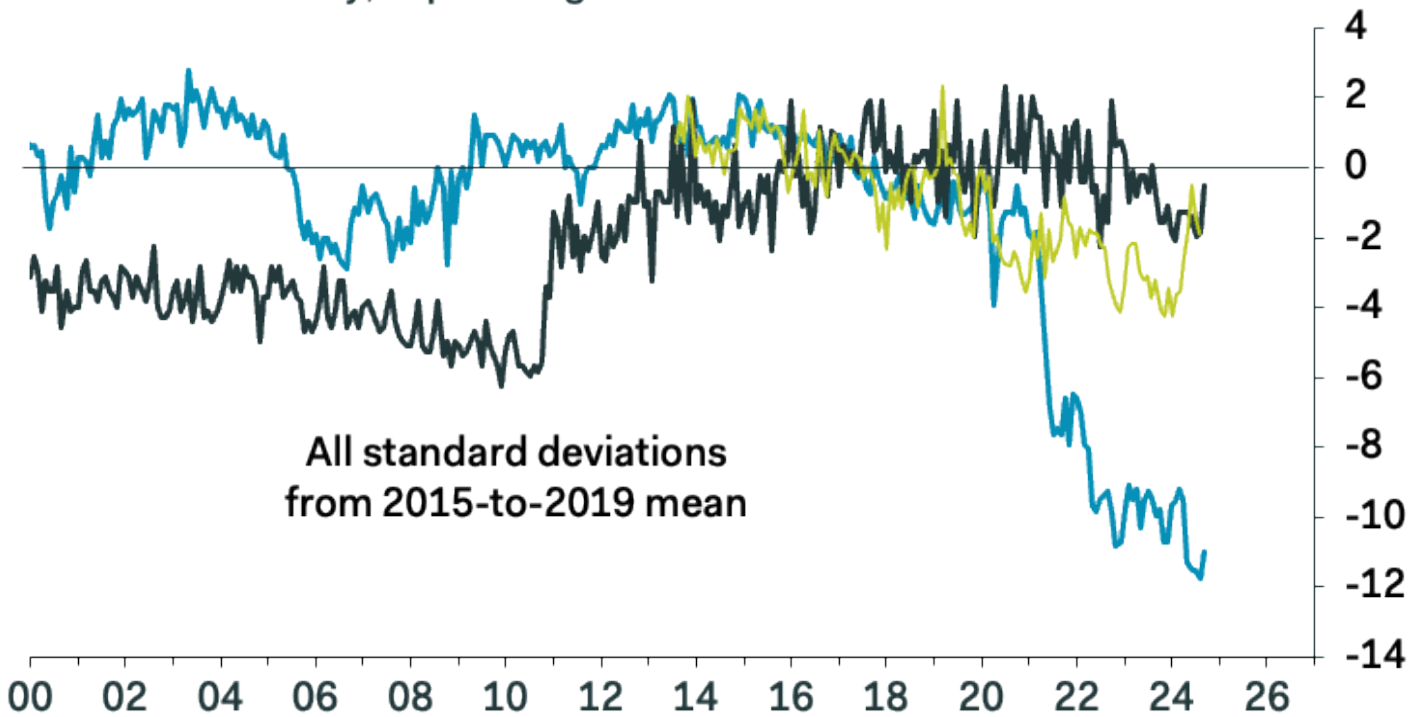
Accordingly, we continue to expect growth in house prices to slow in 2025 and to undershoot the subdued growth rate of households' incomes.



- MBA purchase apps. index, re-adj. by PM, adv. one month (Left)
- Existing home sales, millions (Right)



- UoM survey, net balance thinking now is good time to buy a home
- Conference Board survey, % planning to buy home in next 6m
- NY Fed survey, % planning to move home in the next 12m.



- Existing single-family homes for sale, millions, SA by PM (Left)
- Existing single-family homes for sale, months' supply (Right)



- Median price of existing single-family home, \$K
- Three-month average

