



Existing Home Sales Roared Back in June, Ending 3-Month Drought

Existing home sales ended a three-month string of losses arising out of the COVID-19 pandemic with a flourish, **soaring by 20.7 percent** from May to June. **Sales rose from a seasonally adjusted annual rate of 3.91 million units in May to 4.72 million units.** The National Association of Realtors® (NAR) said sales of single-family homes, townhomes, condominiums and co-ops were still down year-over-year by 11.3 percent.

Even though NAR said the increase was at a record pace, it fell short of projections. Analysts polled by *Econoday* had expected sales to rise to an annual number ranging from 4.35 to 5.10 million with a consensus of 4.8 million.

Single-family home sales were up 19.9 percent from 3.57 million in May to 4.28 million but remain down 9.9 percent from one year ago. Existing condominium and co-op sales rose 29.4 percent to 440,000 units, an annual loss of 22.8 percent.

"The sales recovery is strong, **as buyers were eager to purchase homes and properties that they had been eyeing during the shutdown,**" said Lawrence Yun, NAR's chief economist. "This revitalization looks to be sustainable for many months ahead as long as mortgage rates remain low and job gains continue."

The median existing-home price for all housing types in June was \$295,300, up 3.5 percent from the June 2019 median of \$285,400 and marking 100 straight months of year-over-year gains. Prices rose in every region. The median existing single-family home price was \$298,600, a 3.5 percent gain, while condo prices rose 1.4 percent to \$262,700.

There were an estimated 1.57 million units of available housing at the end of May, up 1.3 percent from the previous month, but still down 18.2 percent from the 1.92 million units on the market a year earlier. The existing inventory is estimated at a 4.0-month supply at the current sales pace, down from both 4.8 months in May and the 4.3-month figure recorded in June 2019.

Yun explains that **significantly low inventory was a problem even before the pandemic and says such circumstances can lead to inflated costs.** "Home prices rose during the lockdown and could rise even further due to heavy buyer competition and a significant shortage of supply."

Properties typically remained on the market for 24 days in June, down from 26 days in May which NAR called a seasonal variation, and from 27 days in June of last year. Sixty-two percent of homes sold during the month were on the market for less than 30 days.

First-time buyers were responsible for 35 percent of sales in June, consistent with sales in both May 2020 and June 2019. Individual investors or second-home buyers, who account for many cash sales, purchased 9 percent of homes in June, down from 14 percent in May and 10 percent the previous June. All-cash sales accounted for 16 percent of transactions, essentially unchanged from the two earlier periods.

Distressed sales - foreclosures and short sales - represented June, about even with May but up from 2 percent in June 2019.



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"It's inspiring to see Realtors absorb the shock and unprecedented challenges of the virus-induced shutdowns and bounce back," said NAR President Vince Malta. "NAR and our 1.4 million members will continue to tirelessly work to facilitate our nation's economic recovery as we all adjust to this new normal."

"Home buyers considering a move to the suburbs is a growing possibility after a decade of urban downtown revival," Yun said. "Greater work-from-home options and flexibility will likely remain beyond the virus and any forthcoming vaccine."

In a complete reversal of the previous month, sales for June increased in every region. Sales in Northeast rose 4.3 percent, to an annual rate of 490,000 units, down 27.9 percent year-over-year. The median price gained 3.6 percent to \$332,900.

The Midwest saw sales up 11.1 percent from May to an annual rate of 1,100,000 units. This was 13.4 percent fewer sales than a year earlier. The median price was \$236,900, a 3.2 percent annual increase.

Existing-home sales in the South jumped 26.0 percent to an annual rate of 2.18 million, a 4.0 percent decline from the same time one year ago. The median price was \$258,500 representing 4.4 percent annual growth.

The greatest jump in sales occurred in the West, up 31.9 percent to an annual rate of 950,000 units. Even that, however, left sales 13.6 percent lower on an annual basis. The median price in the West was \$432,600, up 5.4 percent from June 2019.