



## Home Sales Surge to Best Levels in 14 Years

Existing home sales continued on a roll for the third consecutive month, **hitting the highest level in August since December 2006**. The National Association of Realtors® (NAR) said sales of pre-owned single-family houses, townhomes, condos, and cooperative apartment were at a seasonally adjusted annual rate of

The August numbers came on top of a 24.7 percent rise the prior month and 20.7 percent growth in June. Since May, when the market began to recover from its 3-month long pandemic related tailspin, the pace of sales has risen by 2.2 million units.

Analysts had been bullish in their forecasts for the August numbers and didn't miss by much. Those polled by Econoday had expected sales in the range of 5.56 million to 6.44 million with a consensus of 5.97 million units.

"Home sales continue to amaze, and there are **plenty of buyers in the pipeline ready to enter the market**," said Lawrence Yun, NAR's chief economist. "Further gains in sales are likely for the remainder of the year, with mortgage rates hovering around 3 percent and with continued job recovery."



Sales of single-family homes was at a seasonally adjusted annual rate of 5.37 million in August, up 1.7 percent from 5.28 million in July, and 11.0 percent from one year ago. Existing condominium and co-op sales were recorded at a seasonally adjusted annual rate of 630,000 units representing growth of 8.6 percent and 6.8 percent from the two earlier periods.

The median existing-home price for all housing types in August was \$310,600, up 11.4 percent from the August 2019 median of \$278,800 and marked 102 straight months of year-over-year gains. The median existing single-family home price was \$315,000, 11.7 percent higher on an annual basis while the median existing condo price rose 7.8 percent to \$273,300.

There were 1.49 million units available for sale at the end of August, down 0.7 percent from July and 18.6 percent from one year ago (1.83 million). Unsold inventory sits at a 3.0-month supply at the current sales pace compared to 3.1 months in July and 4.0-months a year earlier.



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Scarce inventory has been problematic for the past few years, according to Yun, an issue he says has worsened in the past month due to the dramatic surge in lumber prices and the dearth of lumber resulting from California wildfires.

"Over recent months, we have seen lumber prices surge dramatically," Yun said. "This has already led to an increase in the cost of multifamily housing and an even higher increase for single-family homes."

Yun says the **need for housing will grow even further**, especially in areas that are attractive to those who can work from home. An August report from NAR noted that remote work opportunities are likely to become a growing part of the nation's workforce culture. Yun believes this reality will endure, even after a coronavirus vaccine is available.

"Housing demand is robust but supply is not, and this imbalance will inevitably harm affordability and hinder ownership opportunities," he said. "To assure broad gains in homeownership, more new homes need to be constructed."

Properties typically remained on the market for 22 days in August, seasonally equal to the number of days in July and down from 31 days in August 2019. Sixty-nine percent of homes sold in August 2020 were on the market for less than a month.

First-time buyers accounted for 33 percent of sales during the month. All-cash sales accounted for 18 percent of transactions in August, up from 16 percent in July but 1 percentage point less than in the previous August. Individual investors or second-home buyers, who account for many of those sales, purchased 14 percent of homes in August, little changed from the earlier periods. Distressed sales - **foreclosures and short sales - represented less than**

"The past few months have shown how valuable real estate is in the country, both to our nation's economy and to individuals who have been given an opportunity to rethink their location and redesign their lifestyle," said NAR President Vince Malta. "NAR maintains robust advocacy efforts on behalf of our 1.4 million Realtors - including hundreds of thousands of housing providers - to ensure this industry can continue to lead in America's economic recovery."

NAR said home sales have climbed month-over-month for three straight months in all four major U.S. regions and median home prices grew by double-digits annually in each as well. Sales in the Northeast jumped 13.8 percent to an annual rate of 740,000, a 5.7 percent increase from a year ago. The median price in the Northeast was \$349,500, up 10.4 percent from August 2019.

The Midwest saw sales increase 1.4 percent from July and 9.3 percent from a year earlier to an annual rate of 1,410,000 units. The median price rose 10.7 percent to \$246,300.

Existing-home sales in the South were at an annual rate of 2.60 million units, a gain of 0.8 percent from July and 13.0 percent from a year earlier. There was 12.3 percent annual growth in the median home price to \$269,200.

Sales in the West inched 0.8 percent higher to 1,250,000 annual units, a 9.6 percent increase from July. The median price in the West was \$456,100, up 11.8 percent year-over-year.

# Existing Home Sales

