



Existing Home Sales Rise Slightly for the First Time in Four Months

Existing home sales snapped a four-month losing streak in June. Sales of pre-owned single-family houses, townhouses, condominiums, and cooperative apartments, rose 1.4 percent on a seasonally adjusted annual basis to 5.86 million units, 22.9 percent higher than the 4.77 million rate in June 2020. Activity was higher month-over-month in three of the four major regions of the country.

The National Association of Realtors® (NAR) said the percentage gain during the month was consistent across total sales and both of its components. Sales of single-family homes and condos were also up 1.4 percent to 5.14 million and 720,000 annual units, respectively. Single-family sales were 19.3 percent higher on an annual basis while condo sales gained 56.5 percent year-over-year.

Analysts polled by Econoday came close to calling the June results. They had forecast sales at a rate of 5.0 to 6.1 million with a consensus of 5.90 million.

"Supply has modestly improved in recent months due to more housing starts and existing homeowners listing their homes, **all of which has resulted in an uptick in sales,**" said Lawrence Yun, NAR's chief economist. "Home sales continue to run at a pace above the rate seen before the pandemic."

Total housing inventory at the end of June stood at 1.25 million units, up 3.3 percent from May's inventory but there were still 18.8 percent fewer listings than the 1.54 million available in June 2020. The current number represents a 2.6-month supply at the existing sales pace, modestly up from May's 2.5-month supply but down from 3.9 months in June 2020.

The median price for all existing home types in June was \$363,300. This is a 23.4 percent rate of appreciation compared to the median price of \$294,400 a year earlier and marks the 112 consecutive year-over-year gain. **The median single-family home price grew 24.4 percent** to \$370,600 and the median existing condo price posted a more modest 19.1 percent increase to \$311,600.

Yun said he sees no danger than home prices will decline due to the tight inventory conditions, "but I do expect prices to appreciate at a slower pace by the end of the year. Ideally, the costs for a home would rise roughly in line with income growth, which is likely to happen in 2022 as more listings and new construction become available," he said.

Properties typically **remained on the market for 17 days** in June, the same as in May but seven days fewer than in June of last year. Eighty-nine percent of homes sold in June 2021 were on the market for less than a month. First-time buyers accounted for 31 percent of sales in June, unchanged from May but 4 percentage points below the first-time buyer share last June. Individual investors or second-home buyers, who account for many cash sales, were responsible for 14 percent of sales and those cash sales accounted for 23 percent of the total compared to 16 percent a year earlier. Distressed sales - foreclosures and short sales - represented less than 1 percent of transactions.

"Huge wealth gains from both housing equity and the stock market have nudged up all-cash transactions, but first-time buyers who need mortgage financing are being uniquely challenged with record-high home prices and low inventory," Yun explained. "Although rates are favorably low, these hurdles have been overwhelming to some potential buyers."



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Regional sales were up in all but the South, and even there they did not lose ground. Sales in the **Northeast** increased 2.8 percent at an annual rate of 740,000. This is up 45.1 from a year earlier. The median home price was \$412,800, a 23.6 percent increase.

The **Midwest** saw sales rise 3.1 percent to an annual rate of 1,330,000 units in June, 18.8 percent more activity than a year earlier. The median price was \$278,700, reflecting appreciation of 18.5 percent.

Existing-home sales in the **South** were unchanged from May at an annual rate of 2,590,000 units, a 19.4 percent year-over-year change. The median home price rose 21.4 percent to \$311,600.

A 1.7 percent increase brought existing-home sales in the **West** to 1,200,000 units, up 23.7 percent on an annual basis. Prices grew 17.6 percent to a median of \$507,000.