



## First-Time Buyer Share Slips as Prices Rise for 114th Month

**Existing home sales** ended two months of gains in August, falling 2.0 percent on a seasonally adjusted basis from the previous month. The National Association of Realtors® (NAR) said preowned single-family homes, townhomes, condominiums, and cooperative apartments sold at an annual rate of 5.88 million units during the month compared to 6.00 million in July. Sales were 1.5 percent lower on an annual basis.

The dip was expected, and sales came in only **slightly under** the levels predicted by Econoday and Trading Economics. Their respective consensus estimates were 5.90 and 5.89 million.

**Single-family** home sales decreased to a seasonally adjusted annual rate of 5.19 million in August, down 1.9 percent from 5.29 million in July and 2.8 percent fewer than the rate in August 2020. Condominiums and co-ops sold at a seasonally adjusted annual rate of 690,000 units in August compared to 710,000 in July, a decline of 2.8 percent month-over-month. Sales were 9.5 percent higher than a year earlier.

"Sales slipped a bit in August as prices rose nationwide," said Lawrence Yun, NAR's chief economist. "Although there was a decline in home purchases, potential buyers are out and about searching, but much more measured about their financial limits, and simply waiting for more inventory."

Those **inventories** continue to shrink, however, although slowing sales held estimate supply steady. There were an estimated 1.29 million homes for sale at the end of August, down 1.5 percent from July and 13.4 percent fewer homes than in August 2020. This put the unsold inventory at a 2.6 month supply at the current attrition rate, unchanged from July. In August 2020 there was an estimated 3.0 month supply.

The **median existing-home price** for all housing types in August was \$356,700, up 14.9 percent from the \$310,400 median a year earlier and the 114th consecutive month of year-over-year gains. The median existing single-family home price rose 15.6 percent to \$363,800, while condo prices, at a median of \$302,800, were 10.8 percent higher.

**First-time buyers** accounted for 29 percent of the month's sales, down from 30 percent in July and 33 percent in August 2020. Individual investors or second-home buyers, who account for many cash sales, accounted for 15 percent of August's transactions. Twenty-two percent were all-cash sales.

Mike Fratantoni, the Mortgage Bankers Association's chief economist, said first time buyers are facing hurdles. "Existing-home sales slightly declined in August on a monthly and annual basis. Notably, the first-time homebuyer share declined again to 29 percent, highlighting the inventory shortages and fast-rising home prices that continue to challenge prospective buyers. The inventory of existing homes on the market remains more than 13 percent below last year's levels. Fortunately, new inventory is on the way. There are more than 700,000 homes under construction."

Properties typically remained on the market for **17 days** in August, the same marketing period as in July, but five days shorter than in August 2020. Eighty-seven percent of homes sold in August were on the market for less than a month.



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Sales declined below both their July and August 2020 levels in all four regions. Existing-home sales in the **Northeast** dipped 1.4 percent to an annual rate of 730,000 units and were a 2.7 percent below year-ago sales. The median price in the region increased 16.8 percent to \$407,800.

The annual sales rate of 1.370 million in the **Midwest** was down 1.4 percent from July and 2.1 percent year-over-year. The median price, \$272,200, was 10.5 percent higher on an annual basis.

The **South** recorded a 3.0 percent decline in its sales. The annual rate of 2.550 million was also 0.8 percent below that of the previous August. The median price in the South was \$303,200, a 12.8 percent annual gain.

Sales in the **West** were down by 0.8 percent and 1.6 percent from the two earlier periods to 1.230 million units. Home prices increased 11.4 percent to a median of \$507,900.