Mortgage and Real Estate News That Matters

Did Rates Have Anything to do With Big Surge in Home Sales?

New home sales surged in August, breaking a two-year stretch of range-bound activity. The Census Bureau and HUD reported a seasonally adjusted annual rate of **800,000**, up 20.5% from July's revised 664,000 and 15.4% above August 2024's 693,000. This is the strongest monthly gain since the pandemic boom and a clear departure from the prior sideways trend. The only caveat is that this data series is notorious for wide margins of error and revisions.

For-sale inventory fell to **490,000**, down 1.4% from July and 4.0% higher than a year ago. At the current sales pace, that represents a **7.4-month supply**, a sharp drop from July's 9.0 months and nearly 10% below August 2024. It is normal for inventory to move lower when sales increase, all else equal.

Prices moved higher with the sales surge. The median sales price climbed to \$413,500 (+4.7% MoM; +1.9% YoY), while the average price jumped to \$534,100 (+11.7% MoM; +12.3% YoY). The share of \$1 million-plus homes rose to roughly 7% of total sales, double July's level, helping lift the average.

- Regional Sales (MoM): Northeast +72.2%, Midwest +12.7%, South +24.7%, West +5.6%
- **Stage of Construction:** Not started 96,000; under construction 290,000; completed 414,000
- Median months on market (completed): 2.7

On a qualitative note, the huge move in home sales may raise questions about whether the recent rally in interest rates played a role. While there is broad connection between rates and sales at times, it never has an impact that quickly. After all, this sales data is for the month of August, and rates didn't make their big move until September.



Scott Green

Home Loan Consultant, Monument Mortgage Group

P: (602) 971-0544 x1 M: (602) 577-8311 scott@scotthelps.com

21501 N. 78th Ave #100 Phoenix AZ 85382 Company NMLS #2512600 Individual NMLS #155901





David Rickey

Home Loan Consultant, Monument Mortgage Group

www.azmonument.com P: (602) 971-0544 x2 david@azmonument.com

21501 N. 78th Ave Peoria AZ 85382 Company NMLS# 2512600 Individual NMLS#1493357

