

EXISTING HOME SALES – SEPTEMBER 2016

The latest report from the National Association of Realtors (NAR) shows existing home sales, which includes single-family homes, townhomes, condominiums and co-ops; rose 3.2% in September following a 0.9% decrease in August. Year-on-year, existing home sales rose 0.6%. Data below reflects regional variations in housing market activity.

Existing homes for sale increased 1.5% in September. Compared to a year ago, inventory decreased 6.8%. The median existing-home price for all housing types in September was \$234,200, up 5.6% from last year. This is the 55th consecutive month of year-on-year price appreciation according to the NAR.

Credit Union Impact Meter: **High**

After two consecutive months of declines, due largely to lack of inventory, existing home sales rebounded in September. Housing demand is expected to remain healthy due to continued improvement in labor markets and low mortgage rates by historical standards. Total nonfarm payrolls in September increased by 156,000. The average 30-year fixed mortgage rate was 3.46% in September. Homeownership rate in the second quarter was 62.9% – still below the 66.3% average from 1990 to 2015. Credit unions should expect healthy mortgage lending in the months ahead as homeownership resumes to be desirable. In August, fixed mortgage and adjustable mortgage lending at credit unions rose 8.25% and 11.57%, respectively, from a year ago. Low existing housing inventory, however, is generating upward pressures on home prices.

Existing home sales in September rose in all regions. The Northeast region led the increase at 5.7% followed by the West region at 5.0%. The median sale price of existing homes also increased in all four regions. The West region registered the highest increase of 8.1% from a year ago followed by a 6.6% increase in the South.

The yield on 10-year Treasuries will stay on the low side given continued economic weaknesses overseas. CUNA economists' current view is for one modest Fed funds rate hike in December. This means mortgage rates will stay low for the rest of the year and 2017. With housing demand staying positive, the downside risks to the housing market recovery would come from the supply side if housing inventory remains inadequate.

Data Snapshot: 12-Month and Monthly Periodic Change (%)



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