

## September 2018 New and Existing Home Sales, Oct. Mortgage Apps

### *Soggy September Is Not Enough to Explain Housing Slump*

- New Home Sales fell by 5.5 percent in September, to a 553,000 unit annual rate.
- Existing Home Sales decreased by 3.4 percent in September, to a 5,150,000 unit annual rate.
- Mortgage Applications increased by 4.9 percent for the week ending October 19.

The housing market continues to languish. Both new and existing home sales dropped again in September. Some of the drag was likely due to Hurricane Florence, but weak sales were reported outside of the South Census Regional. New home sales fell by 5.5 percent in September, to a 553,000 unit annual rate. This is the weakest monthly number since March 2016. Sales fell by 40.6 percent in the Northeast Census Region, which starts in Pennsylvania and New Jersey and continues northward through Maine. New home sales fell in the South Region by just 1.5 percent. The South Census Region starts in Maryland and Delaware and includes Florida and Texas. The Midwest saw a 6.9 percent increase in new home sales in September while the West dropped by 12.0 percent. The months' supply of new homes for sale jumped to 7.1 months' worth. It has been climbing since June. The median sales price of a new home in September notched up to \$320,000 but was down by 3.5 percent over the previous 12 months. The sales price data does not account for difference in size and quality of houses.

Existing home sales fell by 3.4 percent in September to a 5,150,000 unit annual rate. This is the weakest monthly number for existing home sales since November 2015. The Northeast saw a 2.9 percent decline. The Midwest was unchanged for the month. The South lost 5.4 percent while the West was down by 3.6 percent. The months' supply of existing houses for sale ticked up to a still-tight 4.4 months' worth. The median sale price of an existing house was up by 4.2 percent in September over the previous 12 months.

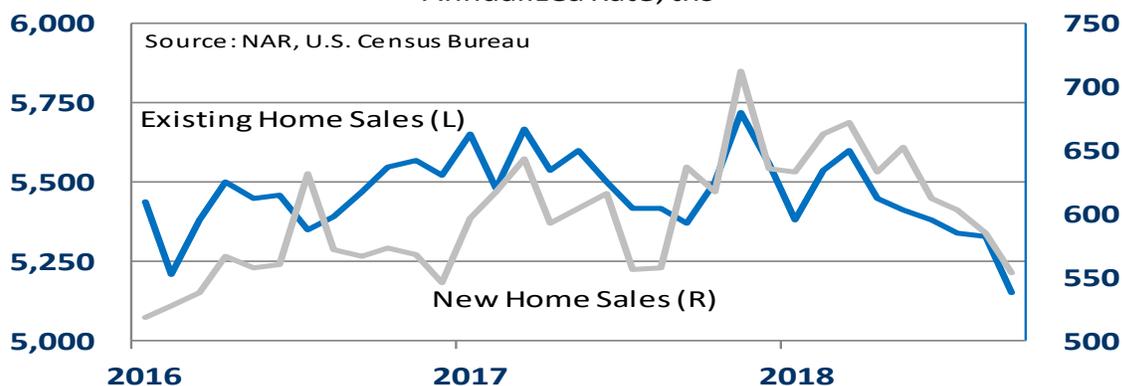
If there is any good news in the recent housing data, it is that mortgage applications increased by 4.9 percent for the week ending October 19. Purchase apps gained 2.0 percent after two consecutive weekly declines. Refi apps jumped by 9.7 percent after three consecutive weekly declines. On a four-week moving average basis, refi apps are 34.5 percent over the last 12 months, while purchase apps are down 0.7 percent. According to the Mortgage Bankers Association, the rate for a 30-year fixed-rate mortgage climbed to 5.11 percent.

Availability of both new and existing homes is an issue, and the weather was an issue in both September and October, but affordability is also an issue. Higher existing house prices, higher land prices, higher materials prices, higher labor costs and higher mortgage rates are all working against entry-level buyers.

**Market Reaction:** U.S. equity markets opened with more losses. The 10-year Treasury bond yield is down to 3.12 percent. NYMEX crude oil is up to \$66.99/barrel. Natural gas futures are down to \$3.33/mmbtu.

### Home Sales Slump in September

Annualized Rate, ths



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