

Existing Home Sales Fell in All Four Regions in June; Sales Were Also Down From Past Year

- Existing home sales fell in June, both month-over-month and year-over year.
- Both existing single-family and condo and co-op sales dropped on the month and on a year-ago basis.
- Existing home sales dropped across all four U.S. regions over the month.
- Home prices continue to increase, although inventories are increasing.
- PNC expects existing home sales to pick up slightly later this year when housing affordability improves.

Total existing home sales dropped 5.4% in June 2024 from May, to 3.89 million at a seasonally-adjusted annualized rate from 4.11 million, according to the National Association of Realtors (NAR). This is the fourth consecutive monthly decline in total existing home sales. Total existing home sales are lower after temporary increases in early 2023 and early 2024. On a year-ago basis total existing home sales were also down 5.4%, the biggest decline since the beginning of 2024.

Sales of both existing single-family homes and condos and co-ops dropped on the month and on a year-ago basis. Existing single-family home sales were down to 3.89 million from a peak of 5.9 million in 2020 and from early 2024. They fell 5.1% in June from May and 4.3% from June 2023. Sales of existing condos and co-ops retreated 7.5% on the month to their lowest in the past four years, 0.37 million at a seasonally-adjusted annualized rate. Condo and co-op sales were down 14% from a year earlier.

Existing home sales dropped across all four U.S. regions from May. Total existing home sales were down 8% in the Midwest, 5.9% in the South, 2.6% in the West, and 2.1% in the Northeast. On a year-ago basis existing home sales dropped over 6% in all regions except the West, where they were flat.

While existing home sales were down on the month and over the past year, housing inventory has gone up since late 2023. The number of homes for sale rose 3.1% in June from May and was up 23.4% over the past year. A pickup in inventory and easing demand resulted in a rise in the seasonally-adjusted supply of existing homes for sale, to 4.1 months at the current sales pace in June, from 3.7 months in May. This is the fourth consecutive rise in home inventories, and the highest inventory relative to sales since mid-2020. Price growth will slow through the rest of this year as inventories increase.

Elevated mortgage rates have weighed on housing demand, even as short housing inventories continue to push up home prices. The median selling home price of a home was almost \$427,000 (not seasonally adjusted). This was an increase of 4.1% in June from a year earlier, compared to 5.2% price growth in May. The largest price gains were in the Northeast (up almost 10%) with the smallest in the South (up about 2%).

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Housing market activity continues to cool off in 2024. Homebuilder confidence retreated in July, single-family construction permits fell in June from May and were down year-over-year, multifamily construction permits were up on the month but down from June 2023, and total existing home sales fell for a fourth straight month in June, with sales also down from a year earlier.

Housing affordability remains a challenge in 2024 with high mortgage rates, fast-rising home prices, and slowing wage growth. PNC expects two 25 basis point fed funds rate cuts this year, starting in September, with additional rate cuts in 2025. PNC expects existing home sales to pick up slightly later this year as mortgage rates decline and price growth slows, leading to improved housing affordability.

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