

# This Month in Real Estate



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## National Housing Statistics | September 2018

### Existing-Home Sales Decline Across the Country in September

WASHINGTON (October 19, 2018) — Existing-home sales declined in September after a month of stagnation in August, according to the National Association of Realtors®. All four major regions saw no gain in sales activity last month.

Total existing-home sales<sup>1</sup> (completed transactions that include single-family homes, townhomes, condominiums and co-ops) fell 3.4 percent from August to a seasonally adjusted rate of 5.15 million in September. Sales are now down 4.1 percent from a year ago (5.37 million in September 2017).

CLOSED SALES (IN MILLIONS)



Lawrence Yun, NAR chief economist, says rising interest rates have led to a decline in sales across all regions of the country. “This is the lowest existing home sales level since November 2015,” he said. “A decade’s high mortgage rates are preventing consumers from making quick decisions on home purchases. All the while, affordable home listings remain low, continuing to spur underperforming sales activity across the country.”

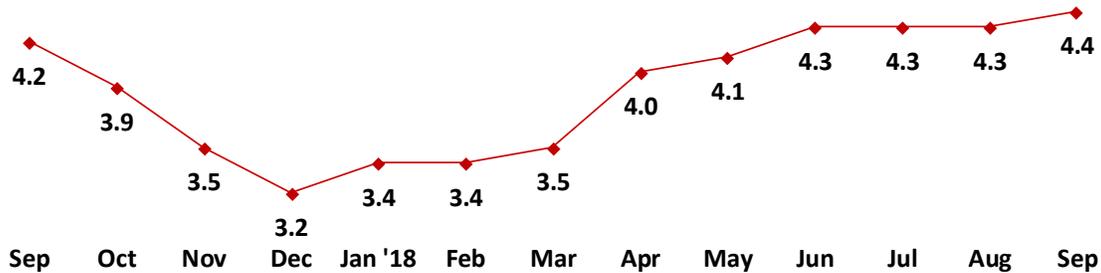
The median existing-home price<sup>2</sup> for all housing types in September was \$258,100, up 4.2 percent from September 2017 (\$247,600). September’s price increase marks the 79th straight month of year-over-year gains.

MEDIAN PRICE (IN THOUSANDS)



Total housing inventory<sup>3</sup> at the end of September decreased from 1.91 million in August to 1.88 million existing homes available for sale and is up from 1.86 million a year ago. Unsold inventory is at a 4.4-month supply at the current sales pace, up from 4.3 last month and 4.2 months a year ago.

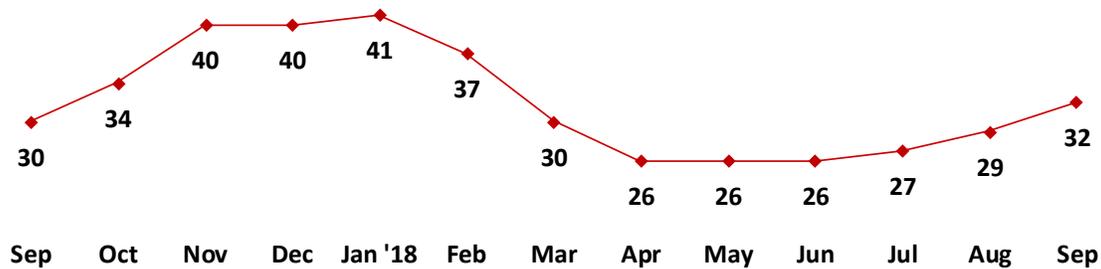
### MONTHS SUPPLY OF INVENTORY



Properties typically stayed on the market for 32 days in September, up from 29 days in August but down from 34 days a year ago. Forty-seven percent of homes sold in September were on the market for less than a month.

“There is a clear shift in the market with another month of rising inventory on a year over year basis, though seasonal factors are leading to a third straight month of declining inventory,” said Yun. “Homes will take a bit longer to sell compared to the super-heated fast pace seen earlier this year.”

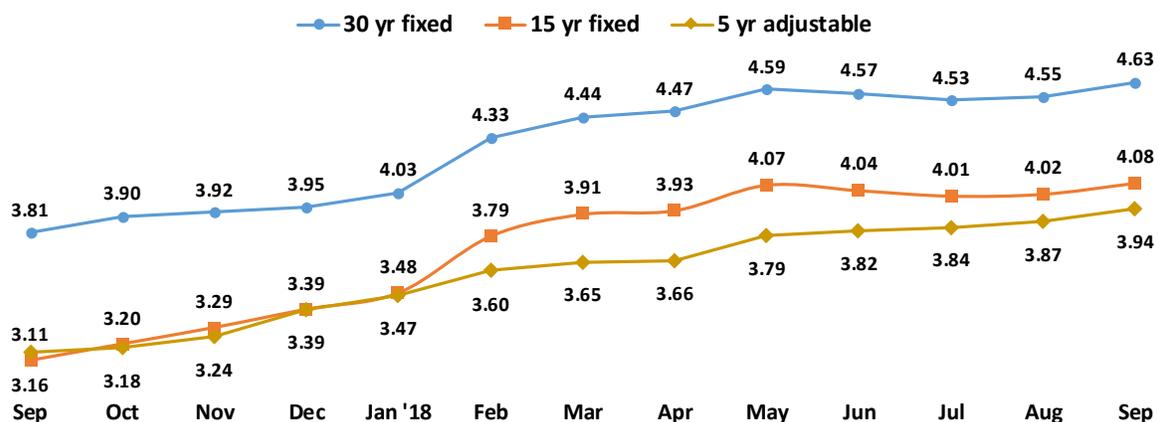
### DAYS ON MARKET



According to Freddie Mac, the average commitment rate (link is external) for a 30-year, conventional, fixed-rate mortgage increased to 4.63 percent in September from 4.55 percent in August. The average commitment rate for all of 2017 was 3.99 percent.

“Rising interests rates coupled with increasing home prices are keeping first-time buyers out of the market, but consistent job gains could allow more Americans to enter the market with a steady and measurable rise in inventory,” says Yun.

### AVERAGE COMMITMENT RATE



First-time buyers were responsible for 32 percent of sales in September, up from last month (31 percent) and a year ago (29 percent). NAR’s 2017 Profile of Home Buyers and Sellers – released in late 2017 – revealed that the annual share of first-time buyers was 34 percent.

“Despite small month over month increases, the share of first-time buyers in the market continues to underwhelm because there are simply not enough listings in their price range,” said NAR President Elizabeth Mendenhall. “Entry-level homes remain highly sought after, as prospective buyers are advised to contact a Realtor® as early in the buying process as possible in order to ensure buyers can act fast on listings that catch their eye.”

All-cash sales accounted for 21 percent of transactions in September, up from August and a year ago (both 20 percent). Individual investors, who account for many cash sales, purchased 13 percent of homes in September, unchanged from August and down from 15 percent a year ago.

Distressed sales<sup>4</sup> – foreclosures and short sales – were 3 percent of sales in September (the lowest since NAR began tracking in October 2008), unchanged from last month and down from 4 percent a year ago. Two percent of September sales were foreclosures and 1 percent were short sales.

Single-family home sales were at a seasonally adjusted annual rate of 4.58 million in September, down from 4.74 million in August, and are 4.0 percent below the 4.77 million sales pace from a year ago. The median existing single-family home price was \$260,500 in September, up 4.6 percent from September 2017.

Existing condominium and co-op sales were recorded at a seasonally adjusted annual rate of 570,000 units in September, down 3.4 percent from last month and 5.0 percent from a year ago. The median existing condo price was \$239,200 in September, which is up 1.5 percent from a year ago.

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<sup>1</sup>Existing-home sales, which include single-family, townhomes, condominiums and co-ops, are based on transaction closings from Multiple Listing Services. Changes in sales trends outside of MLSs are not captured in the monthly series. NAR re-benchmarks home sales periodically using other sources to assess overall home sales trends, including sales not reported by MLSs.

<sup>2</sup>The median price is where half sold for more and half sold for less; medians are more typical of market conditions than average prices, which are skewed higher by a relatively small share of upper-end transactions. The only valid comparisons for median prices are with the same period a year earlier due to seasonality in buying patterns. Month-to-month comparisons do not compensate for seasonal changes, especially for the timing of family buying patterns. Changes in the composition of sales can distort median price data. Year-ago median and mean prices sometimes are revised in an automated process if additional data is received.

<sup>3</sup>Total inventory and month's supply data are available back through 1999, while single-family inventory and month's supply are available back to 1982 (prior to 1999, single-family sales accounted for more than 90 percent of transactions and condos were measured only on a quarterly basis).

<sup>4</sup>Distressed sales (foreclosures and short sales), days on market, first-time buyers, all-cash transactions and investors are from a monthly survey for the NAR's Realtors® Confidence Index, posted at [nar.realtor](http://nar.realtor).

Source: National Association of Realtors Existing Homes Sales report. The opinions expressed are intended to supplement opinions on real estate expressed by local and national media, local real estate agents and other expert sources. You should not treat any opinion expressed as a specific inducement to make an investment or follow a strategy, but only as an expression of opinion. Nothing herein should be construed as investment advice. You should always conduct your own research and due diligence and obtain professional advice before making any investment decision. All investments involve some degree of risk. Keller Williams Realty, Inc., will not be liable for any loss or damage caused by your reliance on information contained herein.

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