A month in review: The October housing market

Every month, economists release a number of indices, reports and analyses of the housing market, and it can be difficult to keep up with them all.

Thankfully, the National Association of Realtors (NAR) recapped the month in its new Housing Minute monthly video series.

October existing-home sales **increased 0.7 percent to a seasonally adjusted annual rate (SAAR) of 5.48 million — up from a downwardly revised 5.37 million in September, and home sales prices rose 5.5 percentage points to $247,000.**

- Total housing inventory fell 3.2 percent points month-over-month to 1.80 million homes for sale, while year-over-year inventory dropped 10.4 percentage points, its 29th consecutive month of year-over-year declines.
- NAR chief economist Lawrence Yun says robust jobs growth and wage increases are what's keeping buyers engaged in the market despite continued inventory shortages and skyrocketing home prices.
- "Job growth in most of the country continues to carry on at a robust level and is starting to slowly push up wages, which is in turn giving households added assurance that now is a good time to buy a home," said Yun.

Pending home sales experienced an uptick as well. The PHSI increased 3.5 percentage points to 109.3 from a downwardly revised 105.6 in September.

- The increase was due to an increase in contract activity in the South, as markets begin recovering from Hurricanes Harvey, Maria and Irma.
- Despite a healthy month-over-month gain, the PHSI is still down by 0.6 percentage points year-over-year.
- "Last month's solid increase in contract signings were still not enough to keep activity from declining on an annual basis for the sixth time in seven months," said Yun. "Home shoppers had better luck finding a home to buy in October, but slim pickings and consistently fast price gains continue to frustrate and prevent too many would-be buyers from reaching the market."

The average new home price **topped $400K for the first time ever.**

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- The U.S. Census Bureau Monday released its October 2017 new residential sales report, which boasted an average home sales price of $400,200 — the highest since March 2007's average of $329,400.
- But, Trulia chief economist Danielle Hale expects the average new home price to decline in the coming months as inventory crisis wanes.
- "The pick-up in new home sales should improve builder confidence and lead to more home construction, offering home buyers additional options and creating opportunities for current owners to trade into new homes, potentially unleashing existing home inventory," said Hale.

Zillow **and realtor.com released their 2018 housing market predictions, which hold a lot of welcome news for buyers in the form of increased inventory and lower home prices.**

- Zillow chief economist Svenja Gudell says she expects residential housing starts to begin rising from 50-year lows. The increase in construction should slow home price growth to 4.1 percent year-over-year.

- Both predictions say that millennials will drive the 2018 housing market, leading the way in new mortgage applications and new home sales.

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