Home prices reach all-time high as sales slump for straight third month

Existing home sales dropped 0.6 percent to a seasonally adjusted 5.38 million in June, declining for the third consecutive month, according to the latest data from the National Association of Realtors (NAR). Home sales dropped 2.2 percent from last June, marking the fourth consecutive month of year-over-year decline.

“There continues to be a mismatch since the spring between the growing level of homebuyer demand in most of the country in relation to the actual pace of home sales, which are declining,” said Lawrence Yun, NAR’s chief economist. “The root cause is without a doubt the severe housing shortage that is not releasing its grip on the nation’s housing market.”

The median existing home hit $276,900 — a new all-time high — up 5.2 percent from last year and the 76th straight month of year-over-year gains.

“What is for sale in most areas is going under contract very fast and in many cases, has multiple offers,” Yun said. “This dynamic is keeping home price growth elevated, pricing out would-be buyers and ultimately slowing sales.”

Total housing inventory is up 4.3 percent month-over-month and 0.5 percent year-over-year, the first such increase since June 2015. Unsold inventory is currently at a 4.3-month supply and homes typically stayed on the market 26 days in June. Of the homes that did sell, 58 percent were on the market for less than a month.

“It’s important to note that despite the modest year-over-year rise in inventory, the current level is far from what’s needed to satisfy demand levels,” Yun said. “Furthermore, it remains to be seen if this modest increase will stick, given the fact that the robust economy is bringing more interested buyers into the market, and new home construction is failing to keep up.”

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Regionally, existing home sales climbed 5.9 percent in the northeast and 0.8 percent in the midwest. Existing home sales fell 2.2 percent in the south and 2.6 percent in the west.

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