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Home Sales Recorded Unexpected Rise in July

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Sales of existing homes rose unexpectedly in July, raising hopes that the longstalled housing market may be improving and that activity can gain more momentum in the fall.

Home sales were up 2% from the prior month to a seasonally adjusted annual rate of 4.01 million, the National Association of Realtors said Thursday.

While that was only a slight gain, economists surveyed by The Wall Street Journal had estimated a monthly decrease in sales of 0.5%.

The pickup in July reflects that the pace of home-price growth has been slowing. Prices are falling in much of the country, and mortgage rates are easing.

Investors buying vacation homes or properties to flip or rent out were also more active in July, NAR said, which likely contributed to the rise in activity. Note

The housing market is stuck in its third straight year of depressed sales, but some analysts say the fall season could see sales accelerate to some degree.

The 30-year mortgage rate hit a low for the year last week at 6.58%. If rates continue to decline, that could lure more buyers back to the market and boost sales. Last year, activity picked up in October after a drop in rates. ?

Inventory of unsold homes both new and existing has also reached the highest level seen since November 2019, according to Realtor.com. That is another positive sign for home buyers and a big reason why the rate of annual price growth is slowing, which some analysts expect to continue.

More than 20% of home listings got some kind of price cut in July, Realtor.com said. Average home sales prices are now falling in some parts of the country, especially in the Sunbelt, where economic conditions have cooled and builders have constructed more homes.

The median existing-home price in July was \$422,400, a bit lower than the record price in June. The July price was still up 0.2% from a year earlier.

"One can say that things are a little better today as a buyer compared with say a couple years ago," said Lawrence Yun, NAR's chief economist. "Buyers are in a better position to negotiate better prices."

On a year-over-year basis, home sales rose 0.8%. Note

After years of bidding wars, home buyers are gaining a bit more leverage over sellers, especially in areas where the number of homes for sale is rising. Some sellers, especially those with life events like job relocations, are finally giving up their low mortgage rates and are cutting their asking prices so they can sell and move on.

Overall, first-time buyers accounted for 28% of purchases in July. That was down from 30% in June and 29% in July of last year. Note

The typical home sold in July was on the market for 28 days, up from 24 days a year earlier, NAR said. The July sales data largely reflects purchase decisions made in June and May.