

U.S. home sales remained sluggish in August

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Sales of previously occupied U.S. homes remained sluggish in August, even as a late-summer slide in mortgage rates brought home loan borrowing costs to a 10-month low.

Existing home sales slipped 0.2% last month from July to a seasonally adjusted annual rate of 4 million units, the National Association of Realtors said Thursday. That's the slowest sales pace since June.

Sales rose 1.8% compared with August last year. The latest sales figure topped the 3.96 million pace economists were expecting, according to FactSet.

The national median sales price increased 2% in August from a year earlier to \$422,600. That's the 26th consecutive month that home prices have risen on an annual basis and the highest median sales price for ~~any~~ August on data going back to 1999.

The U.S. housing market has been in a sales slump since 2022, when mortgage rates began climbing from historic lows. Sales of previously occupied U.S. homes sank last year to their lowest level in nearly 30 years. Through the first eight months of this year, home sales are down 1.2% compared to the same period last year.

Mortgage rates have been mostly declining since late July ahead of the Federal Reserve's widely anticipated decision last week to cut its main interest rate for the first time in a year amid growing concern over the U.S. job market.

But while lower rates give home shoppers more purchasing power, borrowing costs remain too high for many Americans to afford to buy a home following years of skyrocketing home prices. Consider, the U.S. median home sales price is now 52% higher than it was in August 2019, before the housing market superheated during the initial years of the pandemic.

"However, mortgage rates are declining and more inventory is coming to the market, which should boost sales in the coming months," said Lawrence Yun, NAR's chief economist.