



Existing Home Sales Rose Slightly in September

Headlines

- **Total existing home sales rose 1.5% in September** to 4.06 million annualized, in line with PNC's forecast.
- **Single-family home sales rose month-on-month** while condo/co-op sales were flat.
- **Total existing home sales are up 4.1% from a year ago**, the strongest gain of this year.
- **The inventory of homes for sale in September matched a five-year high but is still below pre-pandemic levels.**
- **The median sales price was up 2.1% from a year ago** in September.
- **Existing home sales are expected to remain modest in the near term** amid slower job growth, rising joblessness, elevated policy uncertainty and tighter lending standards.

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Details

Total existing home sales rose 1.5% to 4.06 million units at a seasonally adjusted annualized rate in September according to the National Association of Realtors. This was spot on with PNC's forecast. Existing home sales have hovered around 4 million over the past two years, considerably below the pre-pandemic level of around 5 million (Figure 1).

Single-family home sales increased 1.7% in September to 3.69 million units, while existing condo/co-op sales were flat. Single-family home sales were up 4.5% from a year ago, with condo/co-op sales unchanged.

On a year-ago basis total existing home sales were up 4.1% in September. With strong cumulative house price growth since the pandemic and with the 30-year fixed mortgage rate at 6.35% in September, **housing affordability is challenging.**

Total sales increased the most in the West, up 5.5% from August. Sales rose in the Northeast (+2.1%) and the South (+1.6%) and fell in the Midwest (-2.1%). On a year-over-year basis, existing home sales increased in the South (+6.9%), the Northeast (+4.3%) and the Midwest (+2.2%). Sales were unchanged from a year ago in the West.



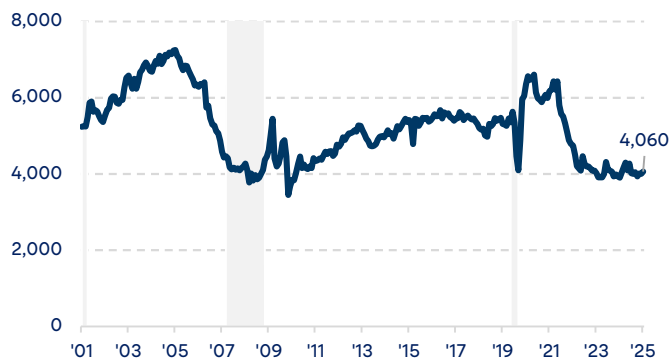
The inventory of homes for sale in September matched a five-year high but is still below pre-pandemic levels.

The inventory of total existing homes for sale increased 1.3% from August to 1.55 million units, continuing the upward trend this year. The supply of existing homes for sale was unchanged at 4.6 months at the current sales pace in September but is up from 4.2 months in September 2024. Typically inventory of more than 5.5 months is associated with a year-over-year median home price decline. Given growing inventories, price growth will remain weak in the near term, and risks are tilted to the downside with more supply expected to come on the market over the next couple of months and with U.S. job growth slowing.

House price growth has slowed significantly in 2025.

The median seasonally unadjusted sales price was up 2.1% from a year ago in September, at \$415,200. With still high mortgage rates, low affordability and slower economic growth, **the housing market will remain weak throughout the rest of this year.** PNC expects two more 25 basis point cuts in the fed funds rate in 2025, at the Federal Open Market Committee's remaining two meetings of the year, with another cut in early 2026. This will help bring down the 30-year fixed mortgage rate and improve housing affordability and demand, contributing to a gradual recovery in the housing market next year.

Figure 1: Total Existing Home Sales (Thousands, SAAR)





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