

US existing home sales drop in September as mortgage rates rise

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With mortgage rates on the rise, sales of US existing homes dropped

sharply last month to the lowest rate in three years, the National Association of Realtors said Friday.

Home prices remained high and with a decline in homes on the market, many would-be homeowners are unable to purchase.

NAR said home sales fell 3.4 percent in September after stagnating in August, the fifth decline in six months. Analysts had expected the rate to hold steady.

The rate of 5.15 million, seasonally adjusted, means sales of single-family homes, townhomes, condominiums and co-ops are down 4.1 percent since September of last year.

"This is the lowest existing home sales level since November 2015," NAR Chief Economist Lawrence Yun said in a statement.

He blamed rising interest rates for "preventing consumers from making quick decisions on home purchases. All the while, affordable home listings remain low."

The median home price jumped 4.2 percent compared to 2017, to \$258,100, the 79th month of year-over-year increases, despite dipping slightly in the past three months.

Falling sales were seen throughout the country, except the Midwest, where they were flat.

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Rising material costs, especially lumber which is subject to import tariffs imposed by President Donald Trump, as well as a shortage of labor, has slowed home construction, putting more pressure on the housing market.

Ian Shepherdson of Pantheon Macroeconomics said banks imposing tighter lending standards also contributed to slowing sales, as did the new limits on state and local tax deductions in the US tax measure passed in December.

He also noted that recent hurricanes in the Southeast United States could hit the numbers.

"Hurricane Florence likely depressed the September numbers too," as sales in the South saw the biggest decline, he said in a research note.

"October likely won't be much better, if at all, in the wake of Hurricane Michael."

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