

# Week in Review



## MONDAY, August 17th

The National Association of Home Builders builder optimism index matched its all-time record-high this month based on surging traffic through model homes. The NAHB housing market index rose 6 points in August to a level of 78, the same record level that was set in December 1988. All three sub-components of the index surged as well as current sales conditions gained 6 points to 84, sales expectations for the next six months increased 3 points to 78 and foot traffic through model homes reached its highest level ever at 65. The demand for new single-family homes continues to be strong, as low mortgage interest rates and the need to work from home has many seeking out more appropriate dwellings.

## TUESDAY, August 18th

New residential construction is booming. Housing starts jumped 22.6% in July to an annual rate of 1.496 million units. This easily exceeded consensus estimates for a smaller gain and a rate of 1.240 million. Moreover, housing starts were upwardly revised in June to an annual rate of 1.220 million from 1.186 million previously. Housing starts are now an astounding 23.4% above July 2019. Single family starts rose 8.2% last month to an annual rate of 940k while multifamily starts (5 units or more) leapt 56.7% to 547k. Building permit issuance surged 18.8% on the month to an annualized pace of 1.495 million. Single family permits were up 17.0% to 983k as multifamily permits rose 23.5% to 467k. Permit issuance points toward further increases in starts through the rest of this quarter, especially in the single-family sector as the economy continues to come back from shutdown.

## FRIDAY, August 21st

Existing home sales surged 24.7% higher in July to an annual rate of 5.86 million, well above expectations for an annual rate of 5.40 million. The sizable gain in July follows a huge gain of 20.2% in June; existing home sales are now up 8.7% over last year and hitting their highest level since late 2006. Sales rose in all regions of the U.S. in July, anywhere from 19.4% to 30.6%. The inventory of homes available for sale fell 2.6% on a monthly basis and remain down 21.1% on a yearly basis to 1.500 million homes, which represents a 3.1 month-supply at the current sales pace. Exceptionally tight supply boosted house price appreciation rates. The median existing home price for all housing types was \$304,100, up 8.5% from July 2019. Home prices rose in every region. The housing market is well past the recovery phase and is now booming with higher home sales compared to the pre-pandemic days, said Lawrence Yun, NARs chief economist. With the sizable shift in remote work, current homeowners are looking for larger homes and this will lead to a secondary level of demand even into 2021.