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HOUSING

U.S. Home Sales Fell in July, Extending Prolonged Slump

Buyers face a limited supply of properties and high mortgage rates

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Mortgage rates rose last week to a two-decade high. PHOTO: GENE J. PUSKAR/ASSOCIATED PRESS

Home sales fell in July for the fourth time in five months, extending one of the deepest housing slumps in recent memory.

Sales of existing homes, the majority of purchases, decreased 2.2% in July from the prior month to a seasonally adjusted annual rate of 4.07 million, the National Association of Realtors said Tuesday. That was the slowest monthly sales pace since January, and the slowest July pace since 2010.

The combination of high mortgage rates, near-record home prices and limited inventory has been suffocating sales, which were down 16.6% from a year earlier in July. With mortgage rates last week rising back above 7% to a two-decade high, sluggish home sales activity is expected to continue for a while.

“Two factors are driving current sales activity—inventory availability and mortgage rates,” said Lawrence Yun, NAR’s chief economist. “Unfortunately, both have been unfavorable to buyers.”

Federal Reserve’s campaign of raising interest rates to curb inflation is putting upward pressure on mortgage rates. And a limited supply of homes is keeping prices high.

The national median existing-home price rose 1.9% in July from a year earlier to \$406,700. It was the fourth time on record that this figure had risen over \$400,000, NAR said.

Economists surveyed by The Wall Street Journal had estimated sales of previously owned homes to fall 0.2% in July.

Though there are fewer home buyers now than a year ago, languid levels of supply are keeping prices from falling, when viewed annually. Home prices have risen much faster than Americans’ incomes since 2000, Yun said, creating an affordability gap that is also holding back sales.

Total sales inventory stood at 1.11 million units in July, down 14.6% from the same month last year, NAR said.

Buyers who do pull the trigger today can’t count on discounts.

Christopher and Emily Miller moved from Wisconsin to Washington state this month. They started house hunting in Seattle in 2022 and lost out on multiple offers to higher bidders. While the market got less competitive this year, prices came down less than they had hoped.

“The number of bidders decreased,” Christopher Miller said, “and whoever was left was still willing to pay the same prices.” The Millers bought a two-bedroom house in Seattle in June. Then they listed their Milwaukee house in July, and accepted an offer the first weekend.