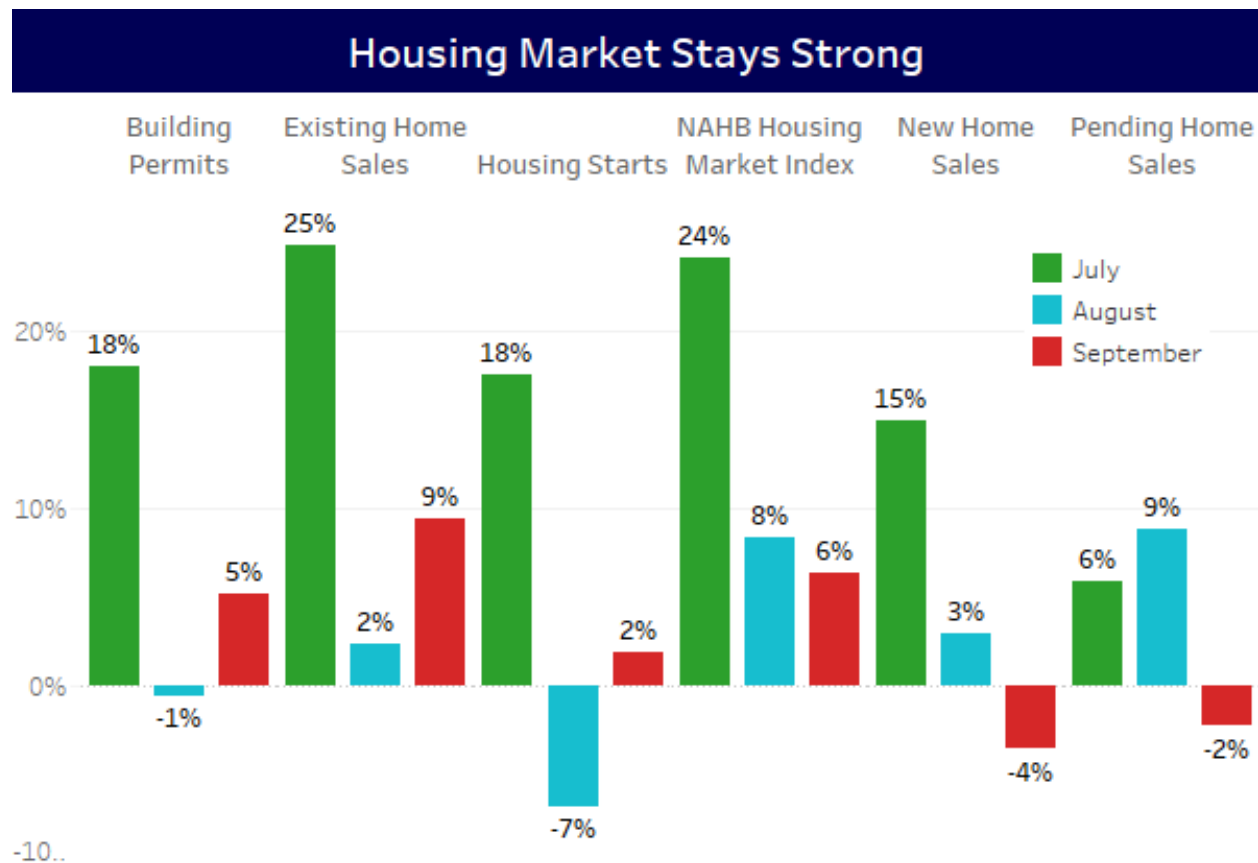


Housing Market Gains Continue in September

As previewed earlier this week, the numbers for third quarter GDP came out today and showed the economy grew 33.1%. This is a record for quarterly growth. The previous record was 16.7%, so it almost doubled that rate. Even with a strong quarter, GDP remains about 3% below where it was pre-pandemic.

One of the key sectors leading the impressive rebound in the third quarter was housing. The housing market has been so hot since May that there is bound to be some cooling. But that cooling did not come in September. All major indicators except New Home Sales and Pending Home Sales saw increases.



What happened: Existing Home Sales lead the way rising more than 9%. The National Association of Home Builders Housing Market Index jumped more than 6%. Building Permits rose over 5%. Housing Starts increased almost 2%, and home prices rose more than 1% (in August).

New Home Sales fell 3.5%, but that is after gains of 22.5% in May, 20% in June, 15% in July, and 3% in August. Pending Home Sales fell 2% but had similarly seen strong growth in previous months and had the strongest rise among housing indicators in August.

Why: Low mortgage rates, the remaining pent up demand from the spring buying season that never was, and the need for more space as people spend more time at home are driving the market gains. A strong real estate market has spillover effects for other industries that should help buttress growth as the recovery continues.

What's next: The housing market is likely to cool at some point soon as the backlog of demand is met, the weather cools, and virus levels rise. But so far it remains one of the brightest areas of the economy.

—Curtis Dubay, Senior Economist, U.S. Chamber of Commerce