

June Existing Home Sales

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- Existing home sales increased 3.2% in June to a 5.49 million annual rate, beating the consensus expected 5.40 million. Sales are up 9.6% versus a year ago.
- Sales rose in all major regions of the country. The increase in sales in June was mostly due to single-family homes, but sales of condos/coops were also up in June.
- The median price of an existing home rose to \$236,400 in June (not seasonally adjusted) and is up 6.5% versus a year ago. Average prices rose 4.6% versus last year.
- The months' supply of existing homes (how long it would take to sell the entire inventory at the current sales rate) declined to 5.0 months in June from 5.1 in May, as a faster sales pace more than offset an increase in inventories.

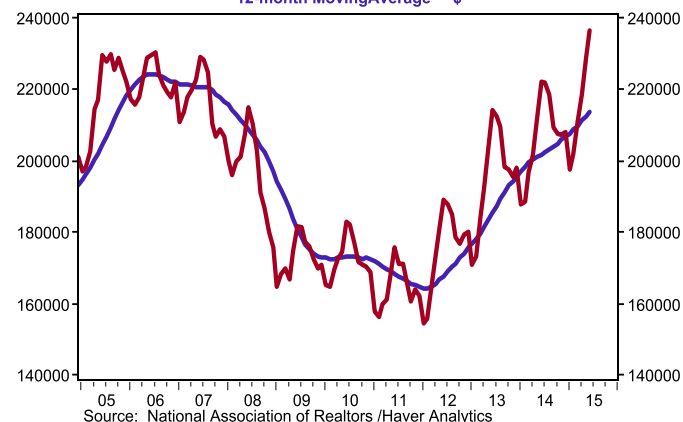
Implications: The market for existing homes continued to heat up in June, hitting the fastest sales pace in over 8 years despite tight supply and record high prices. Sales of previously owned homes increased to a 5.49 million annual rate in June, beating consensus expectations and representing the fastest sales pace since February 2007. Sales were up in every major region of the country and should continue to trend upward. All-cash buyers accounted for 22% of sales in June, down from 32% a year ago. As a result, while total sales are up a healthy 9.6% from a year ago, non-cash sales (where the buyer uses a mortgage loan) are up a more robust 25.7%. So when all-cash sales eventually bottom out, total sales will start rising at a more rapid pace. The gain in mortgage-financed sales suggests a long-overdue thaw in lending. What's interesting is that the percentage of buyers using credit has increased as the Fed tapered and then ended QE. Those predicting a housing crash without more QE were completely wrong. In fact, rising rates appear to be increasing the pace of sales, as buyers look to lock in terms before the looming fed rate hikes push borrowing costs higher. The details of today's report were solid as well. Rising prices are bringing sellers to market (inventories rose for a fifth consecutive month in June), but supply hasn't been able to keep pace with demand. In fact, the average time it took to sell a home in June decreased to 34 days from 40 in May, the fastest pace since recording began in 2011. Look for more inventory to come to market in the year ahead as "on-the-fence" sellers move to take advantage of higher prices. In other housing news this morning, the FHFA index, which measures prices for homes financed with conforming mortgages, increased 0.4% in May and was up 5.7% from a year ago.

NAR Total Existing Home Sales, United States
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Existing Homes: Median Sales Price

Existing Homes: Median Sales Price
 12-month Moving Average \$



Existing Home Sales	Jun-15		May-15	Apr-15	3-month	6-month	Yr to Yr	
	Seasonally Adjusted Unless Noted, Levels in Thous.	% Ch.						level
Existing Home Sales		3.2%	5490	5320	5090	5300	5137	9.6
Northeast		4.3%	720	690	620	677	645	12.5
Midwest		4.7%	1330	1270	1220	1273	1198	12.7
South		2.3%	2200	2150	2090	2147	2135	7.3
West		2.5%	1240	1210	1160	1203	1158	8.8
Median Sales Price (\$, NSA)		3.3%	236400	228900	218700	228000	215700	6.5

Source: National Association of Realtors