

May Existing Home Sales

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- Existing home sales increased 5.1% in May to a 5.35 million annual rate, beating the consensus expected 5.26 million. Sales are up 9.2% versus a year ago.
- Sales rose in all major regions of the country. The increase in sales was almost all due to gains in single-family homes, but sales of condos/coops were also up in May.
- The median price of an existing home rose to \$228,700 in May (not seasonally adjusted) and is up 7.9% versus a year ago. Average prices are up 5.2% 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 5.1 months in May from 5.2 months in April. The faster pace of sales more than offset an increase in inventories.

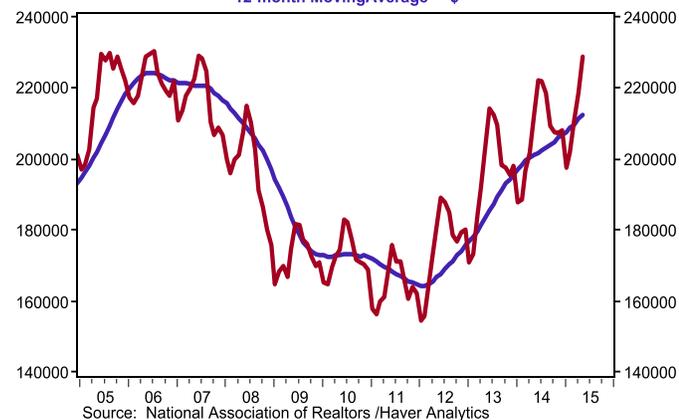
Implications: Today's report on existing home sales was as good as anyone could expect, with a broad-based gain in sales and higher-prices bringing fence-sitting sellers into the market. Sales increased to a 5.35 million annual rate in May, beating consensus expectations to hit the highest level since November 2009, back when the government was passing out checks to first-time homebuyers to artificially support sales. Excluding that one month, sales were the highest since 2007. Sales were up in every major region of the country and should continue to trend upward. All-cash buyers are down to 24% of sales from 32% a year ago. As a result, while total sales are up a healthy 9.2% from a year ago, non-cash sales (where the buyer uses a mortgage loan) are up a more robust 22%. 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, some buyers may be getting into the market because they see rate hikes on the horizon. The details of the report were also solid. The inventory of existing homes increased 3.2% in May and the number of homes for sale was the highest for any May since 2012, signaling that some homeowners that had been holding out are finally putting their homes on the market. Meanwhile, houses on the market continue to sell quickly. Even though the average time it took to sell a home in May increased to 40 days from 39 in April, 45% of homes sold in May were on the market for less than a month before being purchased. In other words, the demand is there. This was reflected in the median sales price of an existing home rising to \$228,700 in May, up 7.9% from a year ago, and marking 39 consecutive months of year-over-year price gains. Look for more price gains in the year ahead, but slower, as more inventory comes on the market.

NAR Total Existing Home Sales, United States
 SAAR, Thous



Existing Homes: Median Sales Price

Existing Homes: Median Sales Price
 12-month Moving Average



Existing Home Sales <i>Seasonally Adjusted Unless Noted, Levels in Thous.</i>	May-15		Apr-15	Mar-15	3-month	6-month	Yr to Yr
	% Ch.	level					% Change
Existing Home Sales	5.1%	5350	5090	5210	5217	5072	9.2
Northeast	11.3%	690	620	640	650	637	11.3
Midwest	4.1%	1270	1220	1200	1230	1162	12.4
South	4.3%	2180	2090	2190	2153	2135	6.9
West	4.3%	1210	1160	1180	1183	1138	9.0
Median Sales Price (\$, NSA)	4.6%	228700	218700	210700	219367	210967	7.9

Source: National Association of Realtors