

April Existing Home Sales

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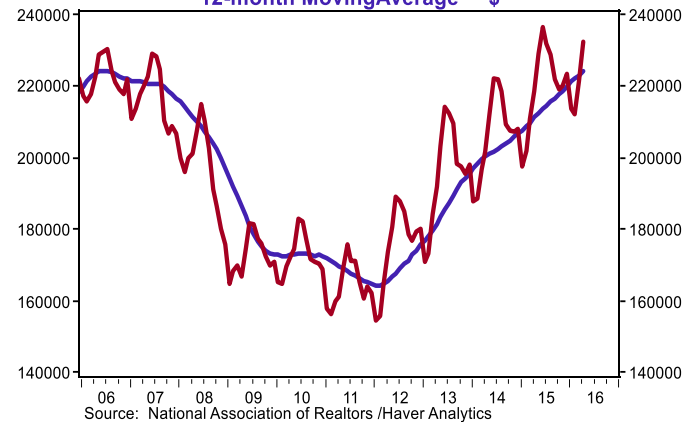
- Existing home sales increased 1.7% in April to a 5.45 million annual rate, beating the consensus expected 5.40 million. Sales are up 6.0% versus a year ago.
- Sales rose in the Midwest and Northeast, but declined in the South and West. The increase was due to gains in both single-family homes and condos/coops.
- The median price of an existing home rose to \$232,500 in April (not seasonally adjusted) and is up 6.3% versus a year ago. Average prices are up 4.2% versus last year.
- The months' supply of existing homes (how long it would take to sell the entire inventory at the current sales rate) rose to 4.7 months in April from 4.4 in March. The increase was due entirely to a gain in inventories.

Implications: Existing home sales moved higher in April, rising to a three-month high and beating consensus expectations. Sales of previously owned homes rose 1.7% in April to a 5.45 million annual rate, and are up 6% from a year ago. This is encouraging, and we think the broader trend will continue to be upward, but there are still some headwinds. Tight supply and rising prices continue to be the main factors holding back sales. While inventories rose 9.2%, or 18,000 units in April they are still down 3.6% from a year ago. The months' supply of existing homes – how long it would take to sell the current inventory at the most recent selling pace – is only 4.7 months. According to the National Association of Realtors®, anything less than 5.0 months is considered tight supply. The good news is that demand was so strong in April that properties typically only stayed on the market for 39 days, the shortest duration since June 2015. In fact, 45% of properties in April sold in less than a month, pointing to further interest from buyers in the months ahead. The median price for an existing home is up 6.3% versus a year ago, marking the 50th consecutive month of year-over-year price gains. While this may be pricing some lower-end buyers out of the market, it should help alleviate some of the supply constraints as “on the fence” sellers take advantage of higher prices and trade-up to a new home, bringing more existing properties onto the market. In other recent news, the Philadelphia Fed index, a measure of sentiment among East Coast manufacturers, came in at -1.8 in May versus -1.6 in April. More broadly, new claims for unemployment benefits declined 16,000 last week to 278,000, marking 63 consecutive weeks below 300,000, the longest stretch in more than forty years. Continuing claims declined 13,000 to 2.15 million. These figures are consistent with a payroll increase of about 200,000 in May, which should help boost the odds of the Fed raising rates in June.

Total Existing Home Sales, United States
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Existing Home Sales: Median Sales Price
Existing Home Sales: Median Sales Price 12-month Moving Average \$



Existing Home Sales	Apr-16		Mar-16	Feb-16	3-month	6-month	Yr to Yr
	% Ch.	level	level	level	moving avg.	moving ave.	% Change
<i>Seasonally Adjusted Unless Noted, Levels in Thous.</i>							
Existing Home Sales	1.7%	5450	5360	5070	5293	5277	6.0
Northeast	2.8%	740	720	630	697	715	17.5
Midwest	12.1%	1390	1240	1120	1250	1237	12.1
South	-2.7%	2190	2250	2190	2210	2183	4.3
West	-1.7%	1130	1150	1130	1137	1142	-3.4
Median Sales Price (\$, NSA)	5.0%	232500	221500	212100	222033	220500	6.3

Source: National Association of Realtors