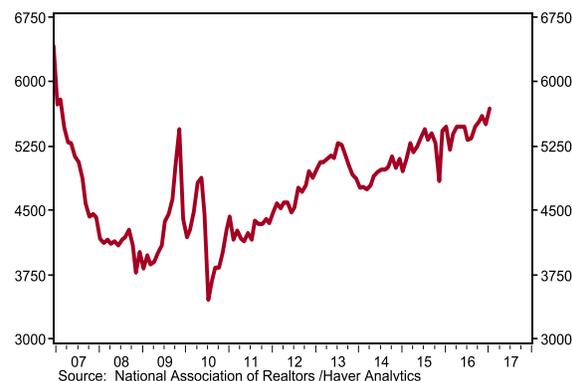


January Existing Home Sales

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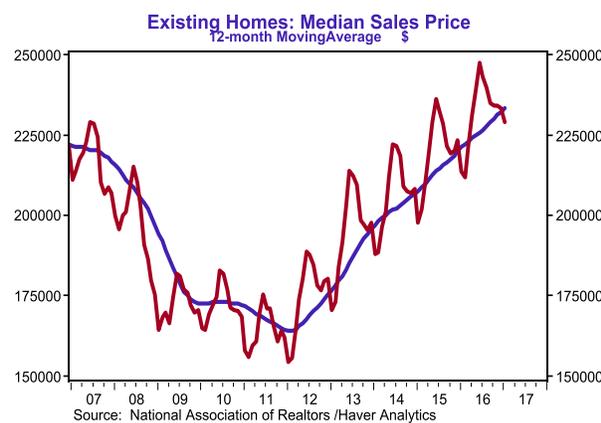
- Existing home sales increased 3.3% in January to a 5.69 million annual rate, easily beating the consensus expected 5.55 million. Sales are up 3.8% versus a year ago.
- Sales in January rose in the West, Northeast, and South, but fell in the Midwest. The increase was due to a gain in sales of both single family homes and condos/coops.
- The median price of an existing home fell to \$228,900 in January (not seasonally adjusted) but is up 7.1% 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) was 3.6 months in January, unchanged from December. An increase in inventories was offset by a faster pace of sales.

NAR Total Existing Home Sales, United States
 SAAR, Thous



Implications: Existing homes sales started off 2017 on a strong note, coming in at the fastest sales pace since 2007. Sales of previously-owned homes rose 3.3% in January to a 5.69 million annual rate, beating the forecast of every economics group surveyed by Bloomberg, and are now up 3.8% from a year ago. Home sales are volatile from month to month but we expect the general upward trend of the past several years to keep going. That being said, tight supply and rising prices remain headwinds. Remarkably, sales climbed to their fastest pace in nearly a decade even though inventories remain very low. In fact, inventories have now fallen on a year-over-year basis for 20 consecutive months. The months' supply of existing homes – how long it would take to sell the current inventory at the most recent sales pace – was only 3.6 months in January. According to the NAR, anything less than 5.0 months is considered tight supply. Meanwhile, growing demand for housing has driven up median prices, which are now up 7.1% from a year ago. While this may temporarily price some lower-end buyers out of the market, it should ultimately help alleviate some of the supply constraints as “on the fence” sellers take advantage of higher prices and trade-up or trade-down to a new home. Despite the recent thaw in the lending market, a bigger problem for lower-end buyers may be gaining access to mortgages. Sales of homes in the 0-\$100K range, which represented 13.9% of total sales in January, are the only price bracket where sales are down from a year ago. Although some analysts may be concerned about the impact of higher mortgage rates, it's important to recognize that rates are still low by historical standards, incomes are growing, and the appetite for homeownership is eventually going to move higher again.

Existing Homes: Median Sales Price



Existing Home Sales	Jan-17		Dec-16	Nov-16	3-month	6-month	Yr to Yr
	% Ch.	level					
<i>Seasonally Adjusted Unless Noted, Levels in Thous.</i>							
Existing Home Sales	3.3%	5690	5510	5600	5600	5523	3.8
Northeast	5.3%	800	760	800	787	757	6.7
Midwest	-1.5%	1290	1310	1330	1310	1308	-0.8
South	3.6%	2310	2230	2250	2263	2223	3.1
West	6.6%	1290	1210	1220	1240	1235	8.4
Median Sales Price (\$, NSA)	-1.9%	228900	233300	234400	232200	234317	7.1

Source: National Association of Realtors