

February Existing Home Sales

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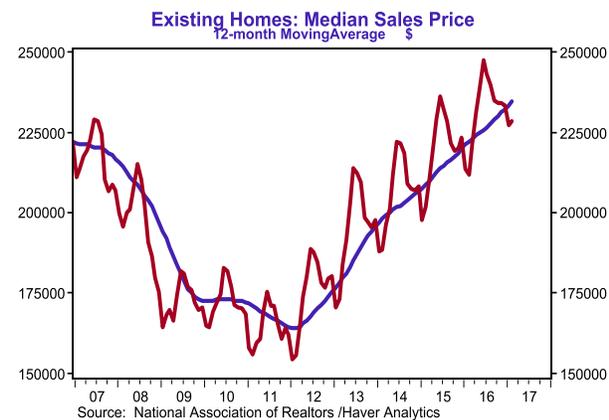
- Existing home sales declined 3.7% in February to a 5.48 million annual rate, coming in below the consensus expected 5.55 million. Sales are up 5.4% versus a year ago.
- Sales in February fell in the Northeast, Midwest, and West, but rose in the South. The decline was due to a drop in sales of both single-family homes and condos/coops.
- The median price of an existing home rose to \$228,400 in February (not seasonally adjusted) and is up 7.7% versus a year ago. Average prices are up 5.8% 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 3.8 months in February, up from 3.5 months in January. The gain was due to both an increase in inventories and a slower pace of sales.

NAR Total Existing Home Sales, United States
 SAAR, Thous



Implications: After starting the year at their fastest pace since 2007, existing home sales took a breather in February. Sales of previously-owned homes fell 3.7% in February to a 5.48 million annual rate, but are still up 5.4% from a year ago. It is important to remember home sales are volatile from month to month and we expect the general upward trend of the past several years to keep going. That being said, tight supply and rising prices remain headwinds. In fact, inventories have now fallen on a year-over-year basis for 21 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 3.8 months in February. According to the NAR, anything less than 5.0 months is considered tight supply. The good news is that demand for existing homes was so strong that 42% of properties in February sold in less than a month, pointing to eagerness from buyers. Higher demand has also driven up median prices, which have now risen for 60 consecutive months on a year-over-year basis. 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. 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. In other housing news this morning, the FHFA Index, which measures prices for homes financed with conforming mortgages, remained unchanged in January and is now up 5.7% from a year ago. In the year ending in January 2016, FHFA prices were up 6.2%.

Existing Homes: Median Sales Price



Existing Home Sales	Feb-17		Jan-17	Dec-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	-3.7%	5480	5690	5510	5560	5547	5.4
Northeast	-13.8%	690	800	760	750	753	1.5
Midwest	-7.0%	1200	1290	1310	1267	1297	2.6
South	1.3%	2340	2310	2230	2293	2252	5.9
West	-3.1%	1250	1290	1210	1250	1245	9.6
Median Sales Price (\$, NSA)	0.5%	228400	227300	233300	229667	232117	7.7

Source: National Association of Realtors