

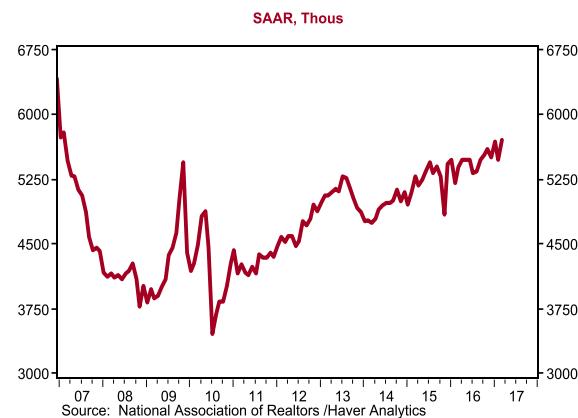
March Existing Home Sales

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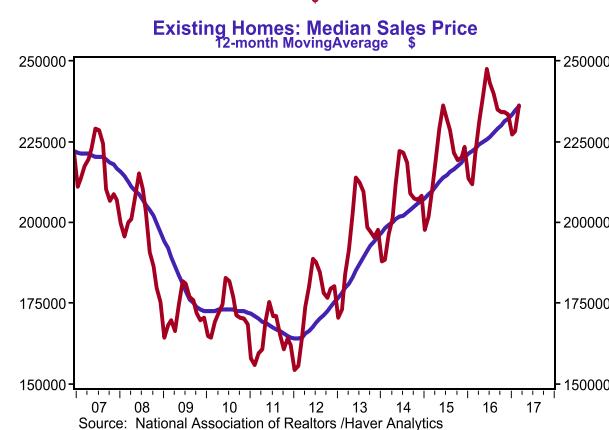
- Existing home sales increased 4.4% in March to a 5.71 million annual rate, easily beating the consensus expected 5.60 million. Sales are up 5.9% versus a year ago.
- Sales in March rose in the Northeast, Midwest, and South, but fell in the West. The increase was due to a gain in sales of both single-family homes and condos/coops.
- The median price of an existing home rose to \$236,400 in March (not seasonally adjusted) and is up 6.8% versus a year ago. Average prices are up 5.3% versus last year.
- The months' supply of existing homes (how long it would take to sell the entire inventory at the current sales rate) remained unchanged at 3.8 months in March. The faster pace of sales in March was offset by an increase in inventories.

Implications: Existing home sales surged in March, hitting the fastest pace in more than a decade. Sales of previously-owned homes rose 4.4% in March to a 5.71 million annual rate and are now up 5.9% from a year ago. It is important to remember 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 since February 2007 even though inventories remain very low. In fact, inventories have now fallen on a year-over-year basis for 22 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 March. 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 48% of the homes sold in March were on the market for less than a month, pointing to eagerness from buyers. Higher demand has also driven up median prices, which have now risen for 61 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. 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 12.4% of total sales in March, 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. In other recent news, new claims for unemployment insurance increased 10,000 last week to 244,000. Continuing claims fell 49,000 to 1.98 million. These figures suggest robust job growth in April. On the manufacturing front, the Philadelphia Fed index, which measures factory sentiment in that region, fell to a still very high 22.0 in April after hitting 32.8 in March.

NAR Total Existing Home Sales, United States



Existing Homes: Median Sales Price



Existing Home Sales	Mar-17	Feb-17	Jan-17	3-month	6-month	Yr to Yr
Seasonally Adjusted Unless Noted, Levels in Thous.	% Ch.	level	level	moving avg.	moving ave.	% Change
Existing Home Sales	4.4%	5710	5470	5690	5623	5.9
Northeast	10.1%	760	690	800	750	4.1
Midwest	9.2%	1310	1200	1290	1267	3.1
South	3.4%	2420	2340	2310	2357	8.5
West	-1.6%	1220	1240	1290	1250	5.2
Median Sales Price (\$, NSA)	3.6%	236400	228200	227300	230633	6.8

Source: National Association of Realtors

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