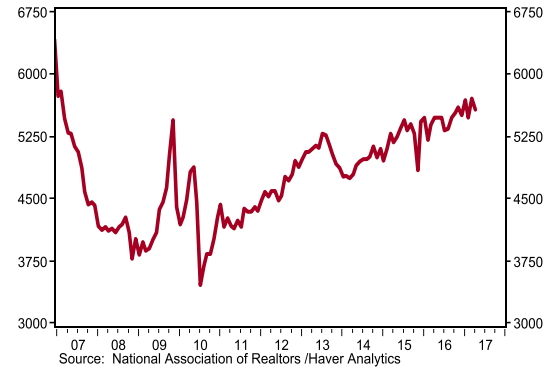


April Existing Home Sales

Brian S. Wesbury – Chief Economist
Robert Stein, CFA – Dep. Chief Economist
Strider Elass – Economist

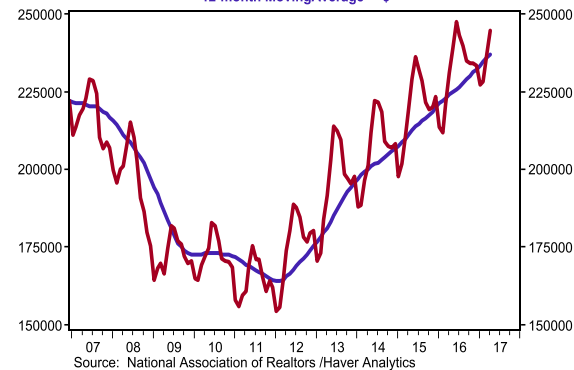
- Existing home sales declined 2.3% in April to a 5.57 million annual rate, below the consensus expected 5.65 million. Sales are up 1.6% versus a year ago.
- Sales in April fell in the South, West, and Northeast, but rose in the Midwest. The decline was mostly due to a drop in sales of single-family homes, although sales of condos/coops fell as well.
- The median price of an existing home rose to \$244,800 in April (not seasonally adjusted) and is up 6.0% versus a year ago. Average prices are up 5.1% 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 4.2 months in April from 3.8 months in March. The gain was due to both the slower pace of sales and an increase in inventories.

NAR Total Existing Home Sales, United States
 SAAR, Thous



Existing Homes: Median Sales Price

Existing Homes: Median Sales Price
 12-month Moving Average



Implications: After hitting the fastest pace in more than a decade in March, existing home sales took a breather in April. Sales of previously-owned homes fell 2.3% in April to a 5.57 million annual rate, but are still up 1.6% 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. Inventories have now fallen on a year-over-year basis for 23 consecutive months and are down 9% from a year ago. Inventories were the lowest on record for any April dating back to at least 1999, when reporting began. This has also affected the months' supply of existing homes – how long it would take to sell the current inventory at the most recent sales pace – which was 4.2 months in April, down from 4.6 months a year ago. 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 a typical property only stayed on the market for 29 days, the shortest timeframe on record since the NAR began tracking in 2011. Higher demand and a shift in the “mix” of homes sold toward more expensive properties has also driven up median prices, which have now risen for 62 consecutive months on a year-over-year basis. Sales of homes in the 0-\$100K and \$100-250K ranges, which together represented 53.5% of total sales in April, are the only price brackets where sales are down from a year ago, signaling that supply constraints may be disproportionately hitting the lower end of the market. Tough regulations on land use raise the fixed costs of housing, tilting development toward higher end homes. The NAR suggests that strong demand could also be pushing some properties into higher brackets as multiple offers boost the final sales price. 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, rose 0.6% in March and is up 6.3% from a year ago. In the year ending in March 2016, FHFA prices were up 6.3% as well.

Existing Home Sales	Apr-17		Mar-17	Feb-17	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	-2.3%	5570	5700	5470	5580	5590	1.6
Northeast	-2.7%	730	750	690	723	755	-2.7
Midwest	3.8%	1360	1310	1200	1290	1300	-0.7
South	-5.0%	2300	2420	2340	2353	2308	3.6
West	-3.3%	1180	1220	1240	1213	1227	3.5
Median Sales Price (\$, NSA)	3.5%	244800	236600	228200	236533	234100	6.0

Source: National Association of Realtors