

June Existing Home Sales

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- Existing home sales declined 1.8% in June to a 5.52 million annual rate, below the consensus expected 5.57 million. Sales are up 0.7% versus a year ago.
- Sales in June fell in the South, Northeast, and West, but rose in the Midwest. The drop was entirely due to a decline in sales of single-family homes. Sales of condos/coops remained unchanged in June.
- The median price of an existing home increased to \$263,800 in June (not seasonally adjusted) and is up 6.5% versus a year ago. Average prices are up 4.9% 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 4.3 months in June from 4.2 months in May. The gain was due entirely to the slower pace of sales. Inventories declined in June.

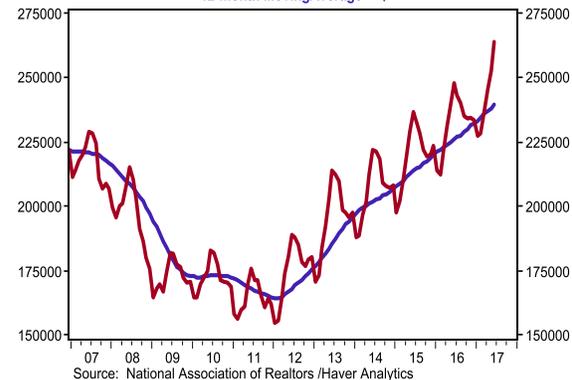
NAR Total Existing Home Sales, United States
 SAAR, Thous



Implications: Existing home sales took a breather in June, giving up ground as median prices reached a new record high for the second consecutive month. Sales of previously-owned homes fell 1.8% in June to a 5.52 million annual rate, but are still up 0.7% from a year ago. Going forward, it is important to remember that 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. Inventories have now fallen on a year-over-year basis for 25 consecutive months and are down 7.1% from a year ago. Inventories are now the lowest for any June since at least the late 1990s. 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 4.3 months in June, down from 4.6 months a year ago. According to the NAR, anything less than 5.0 months is considered tight supply, a benchmark which hasn't been exceeded since November 2015. The good news is that demand for existing homes in June was so strong that 54% of listings were on the market for less than a month. 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 64 consecutive months on a year-over-year basis, and reached a new record high in June. The strongest growth in sales over the past year is heavily skewed towards the most expensive homes, 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 final sales prices. 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

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 12-month Moving Average



Existing Home Sales	Jun-17		May-17	Apr-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	-1.8%	5520	5620	5560	5567	5593	0.7
Northeast	-2.6%	760	780	730	757	752	1.3
Midwest	3.1%	1320	1280	1360	1320	1293	0.0
South	-4.7%	2230	2340	2290	2287	2322	0.0
West	-0.8%	1210	1220	1180	1203	1227	2.5
Median Sales Price (\$, NSA)	4.5%	263800	252500	245000	253767	242233	6.5

Source: National Association of Realtors

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