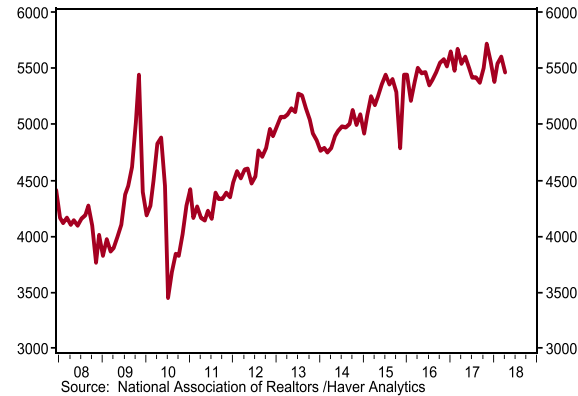


April Existing Home Sales

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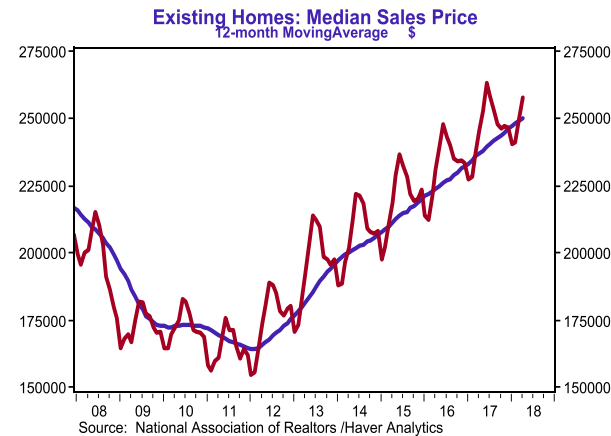
- Existing home sales declined 2.5% in April to a 5.46 million annual rate, below the consensus expected 5.55 million. Sales are down 1.4% versus a year ago.
- Sales in April fell in the Northeast, West, and South, but remained unchanged in the Midwest. The decline was due entirely to single-family homes. Sales of condos/coops rose slightly in April.
- The median price of an existing home rose to \$257,900 in April (not seasonally adjusted) and is up 5.3% versus a year ago. Average prices are up 3.3% versus last year.

NAR Total Existing Home Sales, United States
 SAAR, Thous



Implications: Existing home sales cooled in April as a lack of available listings continues to weigh on activity. Sales of previously-owned homes fell 2.5% in April to a 5.46 million annual rate. Sales were tepid nationwide, with no major region posting gains. As a result, sales on a year-over-year basis declined for a second consecutive month. Looking forward, we still expect sales to grow in 2018, though tight inventories remain a headwind. Today’s report showed the lowest level of available units for any April since records began being kept in 1999. And inventories, down 6.3% in the past year, have now declined on a year-over-year basis for 35 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 4.0 in April. According to the NAR, anything less than 5.0 months (a level we haven’t breached since 2015) is considered tight supply. One source of relief on the horizon is the level of new construction activity, which is now at its fastest post-recession pace. As these properties are completed, and more homeowners choose to trade up or down into a new home, more existing homes will make their way onto the market. Even with the current lack of choices, demand for existing homes has remained remarkably strong, with 57% of homes sold in April remaining on the market for less than a month, up from 50% in March. Higher demand and a shift in the “mix” of homes sold toward more expensive properties has also driven up the median sales price, which is up 5.3% from a year ago. The 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. At the same time, tough regulations on land use continue to raise the fixed costs of housing, tilting future development toward higher-end homes. Some analysts may be concerned about the impact of tax reform on home sales, but few homeowners exceed the new thresholds for deductibility. Others bemoan mortgage rates heading higher, but it’s important to recognize that rates are still low by historical standards, incomes are growing, and the appetite for homeownership is moving higher again. In other housing news this morning, the FHFA index, which measures prices for homes financed by conforming mortgages, increased 0.1% in March and is up 6.7% versus a year ago, just below the 6.8% gain in the twelve months ending March 2017. On the jobs front, initial claims data out this morning showed new claims for jobless benefits rose 11,000 last week to 234,000. Meanwhile continuing claims rose 29,000 to 1.74 million. These figures suggest healthy job growth continued into May.

Existing Homes: Median Sales Price



Existing Home Sales	Apr-18		Mar-18	Feb-18	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	-2.5%	5460	5600	5540	5533	5543	-1.4
<i>Northeast</i>	-4.4%	650	680	640	657	700	-11.0
<i>Midwest</i>	0.0%	1290	1290	1220	1267	1297	-3.0
<i>South</i>	-2.9%	2330	2400	2410	2380	2337	2.2
<i>West</i>	-3.3%	1190	1230	1270	1230	1210	-0.8
Median Sales Price (\$, NSA)	3.2%	257900	249800	240900	249533	247183	5.3

Source: National Association of Realtors