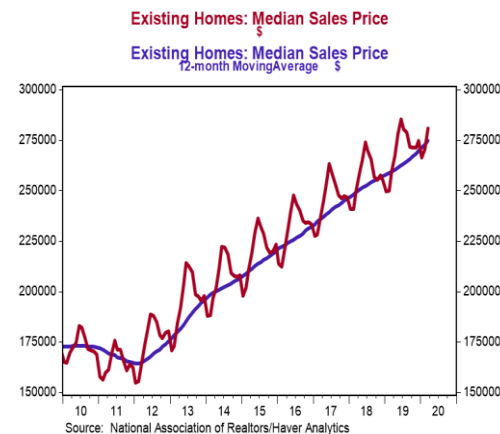
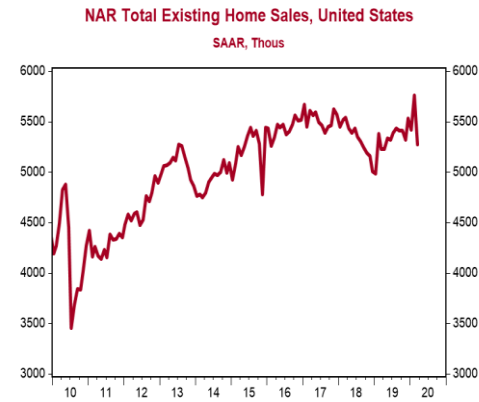


March Existing Home Sales

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- Existing home sales declined 8.5% in March to a 5.270 million annual rate, narrowly beating the consensus expected 5.250 million. Sales are up 0.8% versus a year ago.
- Sales in March fell in all major regions. The decline was due to both single-family homes and condos/coops.
- The median price of an existing home rose to \$280,600 in March (not seasonally adjusted) and is up 8.0% versus a year ago. Average prices are up 6.2% versus last year.

Implications: Existing home sales dropped the most in more than four years in March as the effects of the Coronavirus started to be felt. We expect more weakness in the months ahead as social distancing and government-mandated lockdowns weigh on activity. Remember, existing homes are counted at closing, so mostly reflect sales contracts made in January and February. Contracts on existing homes were up January and February, which normally would have suggested a strong report on closings for March. The difference was the Coronavirus. While it's true that many realtors are using virtual-tour technology to show homes to potential buyers, most people still want to see things in-person before they make one of the biggest purchasing decisions of their lives. Current quarantine restrictions and social distancing measures are also going to hold back a recovery in the inventory of existing homes, as fewer potential sellers list their properties. Inventories in March were down 10.2% versus a year ago (the best measure for inventories given the seasonality of the data), the tenth consecutive year-over-year decline. The primary culprit behind the weak existing home market in 2018 was lack of supply, so continued declines could impede a recovery even after the quarantine restrictions are lifted. The current months' supply – how long it would take to sell the current inventory at the most recent sales pace – was only 3.4 months in March. Notably, this measure has now been below 5.0 months (the level the National Association of Realtors considers tight) since late 2015. With demand so strong that 52% of homes sold in March were on the market for less than a month, inventories remain crucial to sales activity once the coronavirus emergency passes. One other interesting piece of data in today's report was that despite all the disruptions mentioned above, the median price of existing homes rose 3.8% in March and is now up 8.0% in the past year, an acceleration from the 4.0% gain over the 12 months ending in March 2019. This is in sharp contrast to the 2008 Financial Crisis when the pace of home price growth began falling well ahead of the recession. The coming months will continue to offer us a murky picture of the housing market. However we expect a rebound in activity once the virus is dealt with and people go back to work.



Existing Home Sales <i>Seasonally Adjusted Unless Noted, Levels in Thous.</i>	Mar-20		Feb-20	Jan-20	3-month	6-month	Yr to Yr
	%Ch.	level	level	level	moving avg.	moving ave.	%Change
Existing Home Sales	-8.5%	5270	5760	5420	5483	5452	0.8
Northeast	-7.1%	650	700	730	693	700	-3.0
Midwest	-3.1%	1250	1290	1280	1273	1273	4.2
South	-9.1%	2290	2520	2350	2387	2345	0.9
West	-13.6%	1080	1250	1060	1130	1133	-0.9
Median Sales Price (\$, NSA)	3.8%	280600	270400	266200	272400	272350	8.0

Source: National Association of Realtors