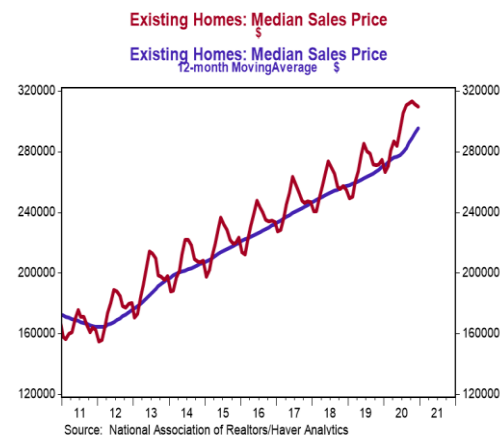
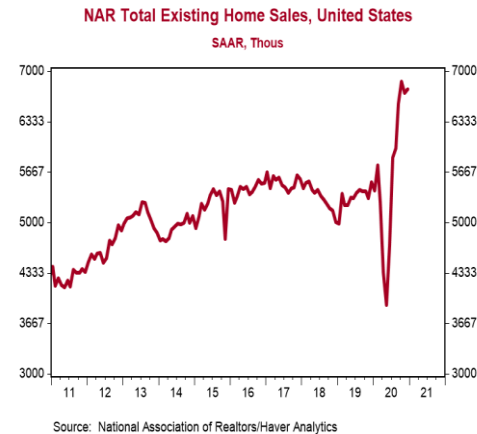


# December Existing Home Sales

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

- Existing home sales increased 0.7% in December to a 6.760 million annual rate, easily beating the consensus expected 6.560 million. Sales are up 22.2% versus a year ago.
- Sales in December rose in the Northeast and South, remained unchanged in the Midwest, and fell in the West. The increase was due to both single-family homes and condos/coops.
- The median price of an existing home fell to \$309,800 in December (not seasonally adjusted) but is up 12.9% versus a year ago. Average prices are up 10.1% versus last year.

**Implications:** Coming on the heels of [yesterday's strong report on housing starts](#), today's news on existing home sales continues to demonstrate the remarkable resiliency of the US housing market in the face of the COVID-19 pandemic. Sales of previously-owned homes in 2020 were the strongest since 2006, rising 6.5% from 2019. Demand during the past year has been buoyed by a strengthened trend toward work-from-home and a desire for more space in the suburbs to escape the worst of pandemic-related restrictions and urban unrest. From February (pre-pandemic) to the bottom in May, sales collapsed 32.1%, as lockdown measures and widespread economic uncertainty took hold across the country. Since then sales have blown past the previous February high, and are now up 17.4% from pre-pandemic levels. Another major contributor to the recent recovery has been the Fed's liquidity policies, which have helped push 30-year fixed mortgage rates to record lows, boosting affordability. It also looks like the pandemic and the resulting public health measures have given potential buyers a new sense of urgency, with demand for existing homes so strong in December that 70% of the homes sold were on the market for less than a month. That said, sales face a continued headwind from the low inventory of existing homes. Today's report showed that inventories were the lowest for any month on record back to 1999 and are down 23.0% versus a year ago (the most accurate measure for inventories given the seasonality of the data). This is reflected in the months' supply (how long it would take to sell today's inventory at the current sales pace) of existing homes for sale, which is now 1.9, also the lowest on record back to 1999. Notably, the inventory shortage is most acute at the lower end of the price spectrum, with available properties worth \$250,000 or less posting 30%+ declines in the past year. This has resulted in a shift in the mix of homes sold toward more expensive properties. For example, sales of homes worth \$1 million and over are up 93.6% in the past year! This has put considerable upward pressure on median prices, which are now up 12.9% in the past year versus a year-over-year gain of 6.7% in January. Look for continued robust sales as we head into 2021, although sales will eventually settle down due to a lack of supply.



Existing Home Sales	Dec-20		Nov-20	Oct-20	3-month	6-month	Yr to Yr
	%Ch.	level	level	level	moving avg.	moving ave.	
<i>Seasonally Adjusted Unless Noted, Levels in Thous.</i>							
<b>Existing Home Sales</b>	<b>0.7%</b>	<b>6760</b>	6710	6860	6777	6457	22.2
<b>Northeast</b>	<b>4.5%</b>	<b>930</b>	890	900	907	828	27.4
<b>Midwest</b>	<b>0.0%</b>	<b>1590</b>	1590	1630	1603	1520	26.2
<b>South</b>	<b>1.1%</b>	<b>2860</b>	2830	2930	2873	2767	20.7
<b>West</b>	<b>-1.4%</b>	<b>1380</b>	1400	1400	1393	1342	17.9
<b>Median Sales Price (\$, NSA)</b>	<b>-0.4%</b>	<b>309800</b>	310900	313100	311267	310183	12.9

Source: National Association of Realtors