

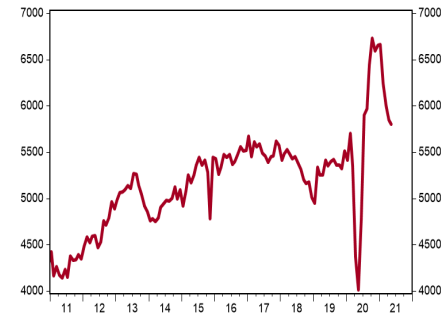
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May Existing Home Sales

- Existing home sales declined 0.9% in May to a 5.800 million annual rate, coming in above the consensus expected 5.730 million. Sales are up 44.6% versus a year ago.
- Sales in May fell in the Northeast, South, and West, but rose in the Midwest. The decline was entirely due to single-family homes. Sales of condos/co-ops were unchanged in May.
- The median price of an existing home rose to \$350,300 in May (not seasonally adjusted) and is up 23.6% versus a year ago. Average prices are up 17.0% versus last year.

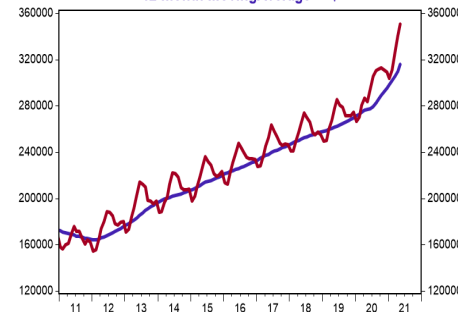
Implications: Existing home sales fell for a fourth consecutive month in May, as low inventories and elevated prices continued to weigh on closings. Notably, even with recent declines existing home sales are up 1.8% from the February 2020 pre-pandemic high. There are reasons to believe the worst of the inventory crunch may be behind us. New home construction remains strong, and now that the pandemic seems to be ending and vaccines are widely available, it's likely that more sellers will feel comfortable listing their homes. In fact, inventories jumped 7.0% in May, the third consecutive month of gains. While inventories are still down 20.6% from a year ago (the most accurate measure for inventories given the seasonality of the data) that rate of decline is slowing. The months' supply (how long it would take to sell today's inventory at the current sales pace) of existing homes for sale rose to 2.5 in May from April's reading of 2.4, though these readings still remain near record lows. Despite the shortage of listings, it looks like there is still significant pent-up demand from the pandemic, with buyer urgency so strong in May that 89% of the existing homes sold were on the market for less than a month. The combination of strong demand and sparse supply has pushed median prices up 23.6% in the past year, the fastest rate on record going back to 2000. However, despite these issues we expect sales in 2021 to ultimately post the best year since 2006. Why? First, more construction and listings as the pandemic ends should help alleviate the worst of the supply crunch and help keep a lid on price growth. Moreover, a trend toward work-from-home is likely to remain in place even as pandemic-related measures are eased around the country. That means people who were previously tied to specific locations, typically in urban areas, will have more flexibility, making more space in the suburbs an attractive proposition. Finally, there are significant demographic tailwinds coming together for home sales for the foreseeable future. Census Bureau population projections show that the key homebuying population of those 30-49 years old is set to grow significantly through 2039. In other news today on the manufacturing front, the Richmond Fed Manufacturing Index, which measures mid-Atlantic manufacturing sentiment, rose to a very strong reading of 22 in June from 18 in May.

NAR Total Existing Home Sales, United States
SAAR, Thous



Source: National Association of Realtors/Haver Analytics

Existing Homes: Median Sales Price
Existing Homes: Median Sales Price 12-month Moving Average



Source: National Association of Realtors/Haver Analytics

Existing Home Sales	May-21		Apr-21	Mar-21	3-month	6-month	Yr to Yr
	% Ch.	level	level	level	moving avg.	moving avg.	
<i>Seasonally Adjusted Unless Noted, Levels in Thous.</i>							
Existing Home Sales	-0.9%	5800	5850	6010	5887	6202	44.6
Northeast	-1.4%	720	730	760	737	790	46.9
Midwest	1.6%	1310	1290	1280	1293	1377	27.2
South	-0.4%	2590	2600	2700	2630	2745	47.2
West	-4.1%	1180	1230	1270	1227	1290	61.6
Median Sales Price (\$, NSA)	2.8%	350300	340600	326300	339067	323450	23.6

Source: National Association of Realtors