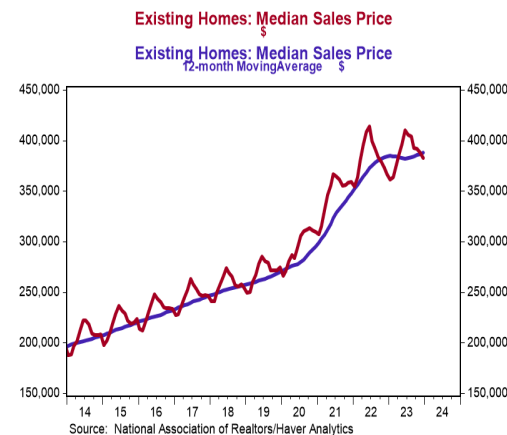
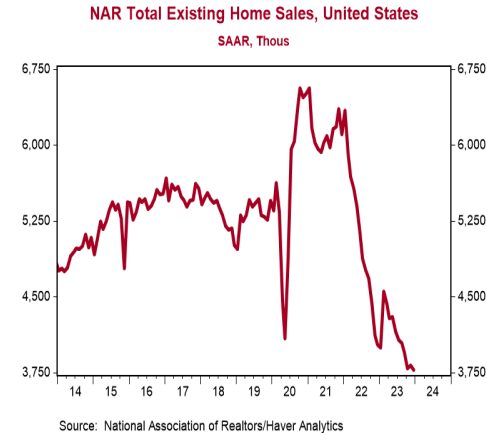


# December Existing Home Sales

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- Existing home sales declined 1.0% in December to a 3.780 million annual rate, below the consensus expected 3.830 million. Sales are down 6.2% versus a year ago.
- Sales in December fell in the Midwest and South, remained unchanged in the Northeast, and rose in the West. The drop in December was due to both single-family homes and condos/co-ops.
- The median price of an existing home fell to \$382,600 in December (not seasonally adjusted) but is up 4.4% versus a year ago.

**Implications:** Existing home sales ended 2023 on a weak note, falling 1.0% in December to post the worst annual sales since 1995 according to the National Association of Realtors. While the housing market has been facing a series of headwinds, the good news is that the most significant is beginning to abate. Recent optimism around inflation and a Federal Reserve that effectively declared “[mission accomplished](#)” has led to a rapid decline in interest rates across the board. For example, though 30-year mortgage rates remain around 7%, they have been trending down since peaking above 8% at the end of October. That said, affordability is still a big concern for buyers. Assuming a 20% down payment, the rise in mortgage rates since the Federal Reserve began its current tightening cycle in March 2022 amounts to a 26% increase in monthly payments on a new 30-year mortgage for the median existing home. Eventually, the housing market can adapt to these increases but continued volatility in financing costs will cause some indigestion. In addition, many existing homeowners are reluctant to sell due to a “mortgage lock-in” phenomenon, after buying or refinancing at much lower rates before 2022. That should limit future existing sales (and inventories). Case in point, the months’ supply of homes (how long it would take to sell existing inventory at the current very slow sales pace) was 3.2 in December, well below the benchmark of 5.0 that the National Association of Realtors uses to denote a normal market. A tight inventory of existing homes means that while the pace of sales looks worse than 2008, we aren’t seeing that translate to a big decline in prices. In fact, home prices appear to be rising again, although modestly, with the median price of an existing home up 4.4% from a year ago. Putting this together, we expect a bottom in sales in the near future and a modest recovery in 2024.



Existing Home Sales	Dec-23		Nov-23	Oct-23	3-month	6-month	Yr to Yr
	% Ch.	level	level	level	moving avg.	moving avg.	% Change
<i>Seasonally Adjusted Unless Noted, Levels in Thous.</i>							
<b>Existing Home Sales</b>	<b>-1.0%</b>	<b>3780</b>	3820	3790	3797	3908	-6.2
<b>Northeast</b>	<b>0.0%</b>	<b>470</b>	470	480	473	480	-9.6
<b>Midwest</b>	<b>-4.3%</b>	<b>900</b>	940	930	923	938	-10.9
<b>South</b>	<b>-2.8%</b>	<b>1720</b>	1770	1690	1727	1783	-4.4
<b>West</b>	<b>7.8%</b>	<b>690</b>	640	690	673	707	-1.4
<b>Median Sales Price (\$, NSA)</b>	<b>-1.3%</b>	<b>382600</b>	387700	391600	387300	394083	4.4

Source: National Association of Realtors