

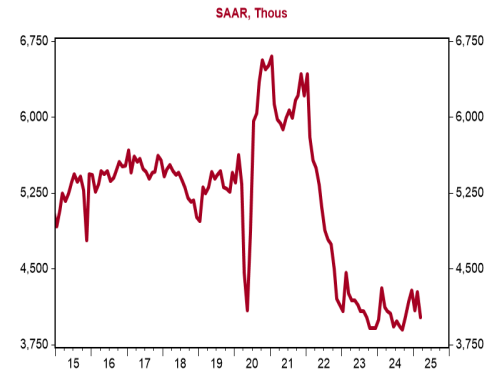
March Existing Home Sales

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- Existing home sales declined 5.9% in March to a 4.020 million annual rate, lagging the consensus expected 4.130. Sales are down 2.4% versus a year ago.
- Sales in March fell in all the major regions. The drop in March was entirely due to single-family homes. Sales of condos/co-ops remained unchanged in March.
- The median price of an existing home increased to \$403,700 in March (not seasonally adjusted) and is up 2.7% versus a year ago.

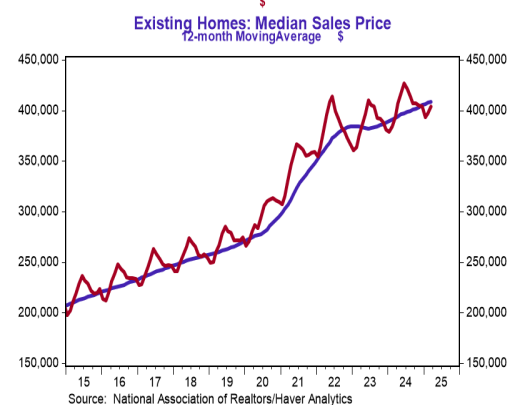
Implications: Existing home sales remained sluggish in March, with broad-based declines across all major regions causing the largest monthly decline since 2022. Sales activity has been characterized by fits and starts since 2022, with any positive upward trend eventually running into a ceiling of around 4.300 million. Big picture, sales are still well below the roughly 5.250 million annual pace that existed pre-COVID, let alone the 6.500 million pace during COVID. Affordability remains the biggest headwind to sales, and the good news is that 30-year mortgage rates fell roughly 30 basis points in March. However, interest rates have begun to climb again recently and are back near 7%, meaning financing costs aren't likely to deliver a sustained tailwind to sales. Meanwhile, home prices are rising again with the median price of an existing home up 2.7% from a year ago. Speaking of price, it looks like the housing market has bifurcated. While the sales of homes worth \$500,000 and above are up in the past year, sales for homes below this threshold are flat or have continued to fall. On a positive note this demonstrates that, at least at the higher end of the market, both buyers and sellers are beginning to adjust to the new reality of higher rates. However, it also suggests that at the lower end of the price spectrum inflation has priced many Americans out of the existing home market. Existing home sales also face significant competition from new homes, where in many cases developers are buying down mortgage rates to compete and move inventory. Finally, many existing homeowners remain reluctant to sell due to a "mortgage lock-in" phenomenon, after buying or refinancing at much lower rates before 2022. This remains a major impediment to activity by limiting future existing sales (and inventories). However, there are signs of progress with inventories rising 19.8% in the past year. That has helped push the months' supply of homes (how long it would take to sell existing inventory at the current very slow sales pace) to 4.0 in March, a considerable improvement versus the past few years, but still 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 like 2008, we aren't seeing that translate to a big decline in prices. On the manufacturing front, the Kansas City Fed Manufacturing Index, a measure of factory sentiment in that region, fell to -4 in April from -2 in March.

NAR Total Existing Home Sales, United States



Source: National Association of Realtors/Haver Analytics

Existing Homes: Median Sales Price



Source: National Association of Realtors/Haver Analytics

Existing Home Sales	Mar-25		Feb-25	Jan-25	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>							
Existing Home Sales	-5.9%	4020	4270	4090	4127	4145	-2.4
Northeast	-2.0%	490	500	510	500	502	0.0
Midwest	-5.0%	950	1000	1000	983	987	-3.1
South	-5.7%	1810	1920	1830	1853	1868	-4.2
West	-9.4%	770	850	750	790	788	1.3
Median Sales Price (\$, NSA)	1.7%	403700	396800	393400	397967	401467	2.7

Source: National Association of Realtors