

May Existing Home Sales

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- Existing home sales increased 0.8% in May to a 4.030 million annual rate, beating the consensus expected 3.950. Sales are down 0.7% versus a year ago.
- Sales in May rose in the Northeast, Midwest and South, but fell in the West. The gain in May was entirely due to single-family homes. Sales of condos/co-ops declined in May.
- The median price of an existing home increased to \$422,800 in May (not seasonally adjusted) and is up 1.3% versus a year ago.

Implications: Existing home sales eked out a small gain in May, but remained sluggish after declines earlier this year. 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, and unfortunately with the Federal Reserve still on pause with rate cuts, 30-year mortgage rates remain near 7%. Meanwhile, the median price of an existing home is up 1.3% from a year ago. Speaking of price, it looks like the housing market has bifurcated. While overall sales are down 0.7% in the past year, homes worth \$750,000 to \$1,000,000 managed a small gain of 1.0% over that same period. So, it looks like buyers and sellers in smaller segments at the higher end of the market have begun 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. (When interest rates are higher, firms, including homebuilders, forego more potential earnings by holding onto inventories.) 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 an impediment to activity by limiting future existing sales (and inventories). However, there are signs of progress with inventories rising 20.3% 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 4.6 in May, 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. Finally, the Philadelphia Fed Manufacturing Index, a measure of factory sentiment in that region, remained unchanged at a weak reading of -4.0 in June.

NAR Total Existing Home Sales, United States

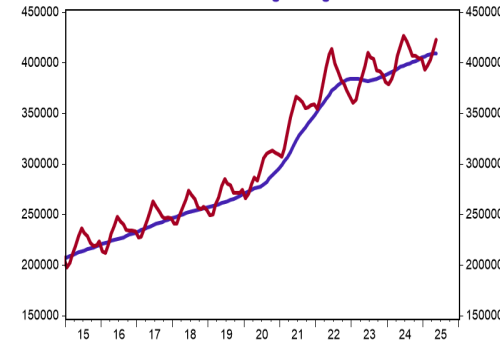
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Source: National Association of Realtors/Haver Analytics

Existing Homes: Median Sales Price

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12-month Moving Average



Source: National Association of Realtors/Haver Analytics

Existing Home Sales	May-25		Apr-25	Mar-25	3-month	6-month	Yr to Yr
Seasonally Adjusted Unless Noted, Levels in Thous.	% Ch.	level	level	level	moving avg.	moving avg.	% Change
Existing Home Sales	0.8%	4030	4000	4020	4017	4117	-0.7
Northeast	4.2%	500	480	490	490	502	4.2
Midwest	2.1%	990	970	950	970	985	1.0
South	1.7%	1840	1810	1810	1820	1860	-0.5
West	-5.4%	700	740	770	737	770	-6.7
Median Sales Price (\$, NSA)	2.1%	422800	414000	403100	413300	405633	1.3

Source: National Association of Realtors