

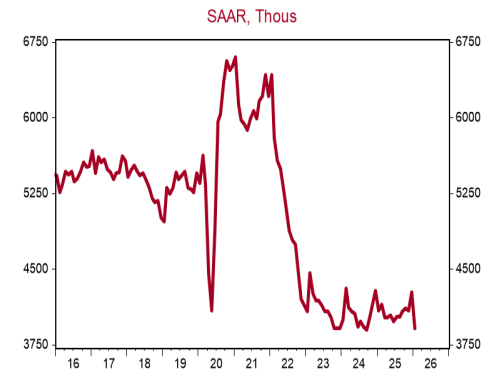
January Existing Home Sales

Bryce Gill – Economist
Brian S. Wesbury – Chief Economist
Robert Stein, CFA – Dep. Chief Economist

- Existing home sales declined 8.4% in January to a 3.910 million annual rate, lagging the consensus expected 4.150. Sales are down 4.4% versus a year ago.
- Sales in January fell in all the major regions. The drop in January was due to both single-family homes and condos/co-ops.
- The median price of an existing home declined to \$396,800 in January (not seasonally adjusted) but is up 0.9% versus a year ago.

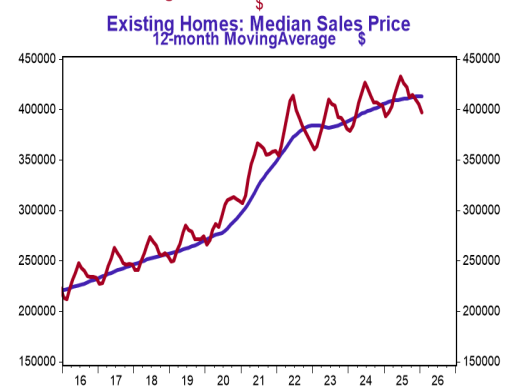
Implications: Existing home sales started off 2026 on a weak note, posting the largest monthly decline since 2022. But don't get too worried about today's headline, seasonal factors were likely to blame. It looks like winter storms in January temporarily delayed contract closings. Activity in the South (which is the largest sales region) fell 9.0% in January and was most affected by severe weather. Look for a large rebound next month as the seasonal effects dissipate. That said, even after a rebound, sales will remain near the lowest since the aftermath of the Great Financial Crisis, and well below the roughly 5.250 million annual pace pre-COVID (let alone the 6.500 million pace during COVID). The good news is that affordability has been improving in several notable ways. First, 30-year mortgage rates have been trending lower since early 2025 and now sit around 6.3%, near the lowest rate since 2022. Buyers also have reasons for further optimism on financing costs. The Federal Reserve will continue to cut rates this year, the Trump Administration recently chose a new Fed chair who is likely to be even more accommodative, and there is talk of Fannie and Freddie purchasing more mortgages as well. Meanwhile, the median price of an existing home is up only 0.9% versus a year ago. Aggregate wage growth (hourly earnings plus hours worked) has also begun to consistently outpace median home price gains over the past year for the first time since 2023, which improves affordability. The biggest headwind continues to be inventories, where growth continues although at a slower pace than last year. This has led to a months' supply of homes (how long it would take to sell existing inventory at the current very slow sales pace) of 3.7 in January, well below the benchmark of 5.0 that the National Association of Realtors uses to denote a normal market. Many existing homeowners also remain reluctant to sell due to a "mortgage lock-in" phenomenon, after buying or refinancing at much lower rates before 2022. This means potential buyers will have to continue to deal with limited options. 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. Despite these cross currents, underlying fundamentals have improved recently, which should contribute to a modest upward trend in sales in 2026. In other news this morning, initial jobless claims declined 5,000 last week to 227,000. Meanwhile continuing claims rose 21,000 to 1.862 million.

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	Jan-26		Dec-25	Nov-25	3-month	6-month	Yr to Yr
<i>Seasonally Adjusted Unless Noted, Levels in Thous.</i>	<i>% Ch.</i>	<i>level</i>	<i>level</i>	<i>level</i>	<i>moving avg.</i>	<i>moving avg.</i>	<i>% Change</i>
Existing Home Sales	-8.4%	3910	4270	4090	4090	4082	-4.4
Northeast	-5.9%	480	510	500	497	493	-4.0
Midwest	-7.1%	920	990	970	960	962	-7.1
South	-9.0%	1810	1990	1870	1890	1877	-1.6
West	-10.3%	700	780	750	743	750	-7.9
Median Sales Price (\$, NSA)	-2.0%	396800	405100	410000	403967	410250	0.9

Source: National Association of Realtors