

# April Existing Home Sales

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- Existing home sales declined 3.3% in April to a 5.04 million annual rate, coming in below the consensus expected 5.22 million annual rate. Sales are up 6.1% versus a year ago.
- Sales declined in all major regions of the country except the Midwest. The decrease in sales was due a drop in single-family homes while sales of condos/coops remained unchanged in April.
- The median price of an existing home rose to \$219,400 in April (not seasonally adjusted) and is up 8.9% versus a year ago. Average prices are up 5.5% versus last year.
- The months' supply of existing homes (how long it would take to sell the entire inventory at the current sales rate) increased to 5.3 months in April from 4.6 months in March. This was due to an increase in inventories as well as a decline in the pace of sales.

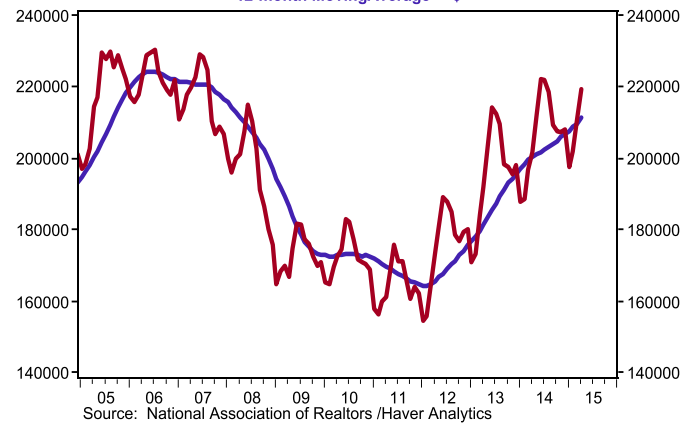
**Implications:** Let's hold off on housing for a moment. The most exciting news today was that initial claims for unemployment insurance came in at 274,000, bringing the four-week moving average to 266,000, the lowest level since April 2000. This, paired with a decline in continuing claims to the lowest level since November 2000, signals greater strength in the labor market and further supports the Fed raising rates sooner rather than later. Sales of existing homes took a breather in April; however this marks the second consecutive month of sales above an annual rate of 5 million units. Sales have now increased year over year for seven months, showing that demand continues to grow. Sales are up 6.1% from a year ago, and the underlying trend suggests more solid gains in the year ahead. Sales of distressed homes (foreclosures and short sales) now account for only 10% of total sales, down from 15% a year ago. All-cash buyers are down to 24% of sales from 32% a year ago. As a result, while total sales are up a moderate 6.1% from a year ago, non-cash sales (where the buyer uses a mortgage loan) are up a more robust 18.6%. What this means is that when distressed and all-cash sales eventually bottom out, total sales will start rising at a more rapid pace. So even though credit (but, not liquidity) remains relatively tight, we see evidence of a thaw, which suggests overall sales will climb at a faster pace in the year ahead. What's interesting is that the percentage of buyers using credit has increased as the Fed tapered and then ended QE. Those predicting a housing crash without more QE were completely wrong. The inventory of existing homes increased 10% in April, however it remains 0.9% lower than a year ago. Lack of supply is one of the main drivers behind continuing price increases and houses on the market selling faster in April (39 days) than at any time since July 2013 (32 days). The median sales price of an existing home rose to \$219,400 in April, up 8.9% from a year ago. In other news this morning, the Philadelphia Fed index, a measure of strength in East Coast manufacturing, declined to 6.7 in May versus 7.5 in April, signaling continued Plow Horse growth in that sector.

**NAR Total Existing Home Sales, United States**  
 SAAR, Thous



**Existing Homes: Median Sales Price**  
 \$

**Existing Homes: Median Sales Price**  
 12-month Moving Average \$



Existing Home Sales <i>Seasonally Adjusted Unless Noted, Levels in Thous.</i>	Apr-15		Mar-15	Feb-15	3-month	6-month	Yr to Yr % Change
	% Ch.	level					
<b>Existing Home Sales</b>	-3.3%	5040	5210	4890	5047	4997	6.1
<b>Northeast</b>	-3.1%	620	640	580	613	635	1.6
<b>Midwest</b>	1.7%	1220	1200	1090	1170	1138	13.0
<b>South</b>	-6.8%	2040	2190	2110	2113	2113	3.6
<b>West</b>	-1.7%	1160	1180	1110	1150	1110	6.4
<b>Median Sales Price (\$, NSA)</b>	4.1%	219400	210700	201900	210667	207500	8.9

Source: National Association of Realtors

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