

November Existing Home Sales

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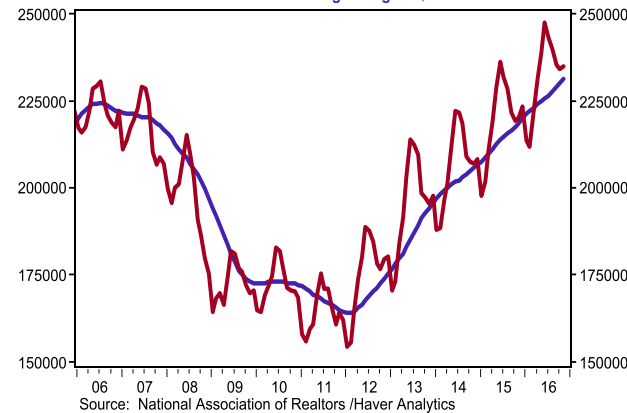
- Existing home sales increased 0.7% in November to a 5.61 million annual rate, beating the consensus expected 5.50 million. Sales are up 15.4% versus a year ago.
- Sales in November rose in the Northeast and South, but fell in the Midwest and West. The nationwide increase was due entirely to a rise in sales of condos/coops. Sales of single-family homes declined in November.
- The median price of an existing home rose to \$234,900 in November (not seasonally adjusted) and is now up 6.8% versus a year ago. Average prices are up 4.9% versus last year.
- The months' supply of existing homes (how long it would take to sell the entire inventory at the current sales rate) was 4.0 months in November, down from 4.3 months in October. The drop was due to both a faster sales pace and a decline in inventories.

NAR Total Existing Home Sales, United States
 SAAR, Thous



Existing Homes: Median Sales Price

Existing Homes: Median Sales Price
 12-month Moving Average



Implications: Existing home sales surprised to the upside in November, rising for a third consecutive month to post their fastest pace since 2007. Sales of previously-owned homes rose 0.7% in November to a 5.61 million annual rate, up 15.4% from a year ago. Although it's important to remember that home sales are volatile from month to month, we expect the general upward trend of the past several years to keep going. That being said, tight supply and ever rising prices will continue to be headwinds heading into the new year. Remarkably, sales hit their highest level since 2007 even though inventories remain very low. Inventories have now fallen for eighteen consecutive months (on a year-over-year comparison basis). The months' supply of existing homes – how long it would take to sell the current inventory at the most recent selling pace – is only 4.0 months. According to the National Association of Realtors® (NAR), anything less than 5.0 months is considered tight supply. The good news is that demand for existing homes was so strong that 42% of properties in November sold in less than a month, pointing to eagerness from buyers. Higher demand has also driven up median prices, which are up 6.8% from a year ago and have now risen for the 57th consecutive month on a year-over-year basis. While this may temporarily price some lower-end buyers out of the market, it should ultimately help alleviate some of the supply constraints as “on the fence” sellers take advantage of higher prices and trade-up or trade-down to a new home. Although some analysts may be concerned about the impact of higher mortgage rates, it's important to recognize that rates are still low by historical standards, incomes are growing, and the homeownership rate is eventually going to move higher again.

Existing Home Sales	Nov-16		Oct-16	Sep-16	3-month	6-month	Yr to Yr
	% Ch.	level	level	level	moving avg.	moving ave.	% Change
<i>Seasonally Adjusted Unless Noted, Levels in Thous.</i>							
Existing Home Sales	0.7%	5610	5570	5490	5557	5487	15.4
Northeast	8.0%	810	750	740	767	737	15.7
Midwest	-2.2%	1330	1360	1330	1340	1320	18.8
South	1.4%	2220	2190	2160	2190	2198	11.6
West	-1.6%	1250	1270	1260	1260	1232	19.0
Median Sales Price (\$, NSA)	0.3%	234900	234100	235300	234767	239183	6.8

Source: National Association of Realtors