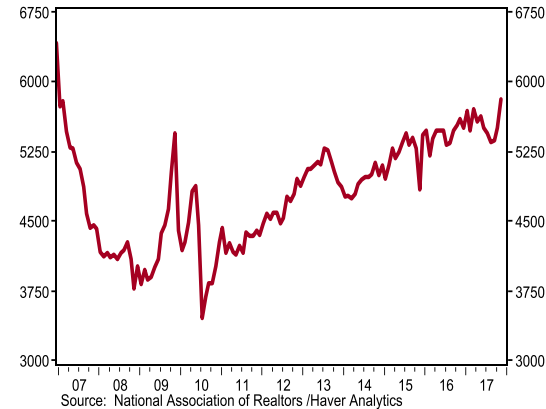


November Existing Home Sales

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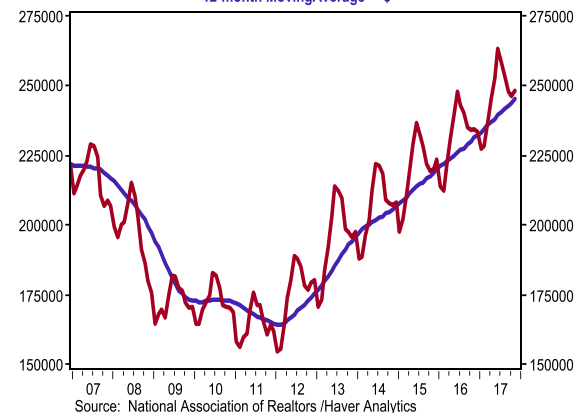
- Existing home sales increased 5.6% in November to a 5.81 million annual rate, easily beating the consensus expected 5.53 million. Sales are up 3.8% versus a year ago.
- Sales in November rose in the Midwest, South, and Northeast, but fell in the West. The gain was due to both single-family homes and condos/coops.
- The median price of an existing home rose to \$248,000 in November (not seasonally adjusted) and is up 5.8% versus a year ago. Average prices are up 4.8% versus last year.
- The months' supply of existing homes (how long it would take to sell the entire inventory at the current sales rate) fell to 3.4 months in November. The decline in months' supply was due to both a faster pace of sales 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 surged in November, rising for the third consecutive month to their fastest sales pace since 2006. Sales of previously-owned homes increased 5.6% in November to a 5.81 million annual rate and are now up 3.8% from a year ago. Notably, activity has continued to pick up over the past three months despite the impacts of Hurricanes Harvey and Irma, which prevented many people from searching for homes and put downward pressure on the number of closings. Now that the effects of the hurricanes have mostly subsided there may be some pent-up demand providing a tailwind to sales going forward. That said, the major headwind for sales has been the decline in inventories, which have now fallen on a year-over-year basis for 30 consecutive months and are down 9.7% from a year ago. The number of existing homes for sale declined 7.2% in November to 1.67 million. Paired with the rising pace of sales, this pushed the months' supply of existing homes – how long it would take to sell the current inventory at the most recent sales pace – to 3.4 months in November, down from 4.0 months a year ago, and the lowest since at least 1999. According to the NAR, anything less than 5.0 months is considered tight supply, a benchmark which hasn't been exceeded since November 2015. Despite the lack of options, demand for existing homes has remained remarkably strong, with 44% of homes sold in November remaining on the market for less than a month. Higher demand and a shift in the "mix" of homes sold toward more expensive properties has also driven up median prices, which have now risen for 69 consecutive months on a year-over-year basis. The strongest growth in sales over the past year is heavily skewed towards the most expensive homes, signaling that supply constraints may be disproportionately hitting the lower end of the market. Tough regulations on land use raise the fixed costs of housing, tilting development toward higher-end homes. Although some analysts may be concerned about the impact of tax reform limiting the deductibility of state and local income and property taxes to \$10,000 and the principal loan limit on mortgage interest to \$750,000, the reality is that few homeowners exceed these thresholds. Instead, what we're likely to see is higher earners and large mortgage borrowers shift toward states with lower taxes and less expensive land. Finally, though mortgage rates may be heading higher, it's important to recognize that rates are still low by historical standards, incomes are growing, and the appetite for homeownership is starting to move higher again.

Existing Home Sales	Nov-17		Oct-17	Sep-17	3-month	6-month	Yr to Yr
	% Ch.	level	level	level	moving avg.	moving ave.	
<i>Seasonally Adjusted Unless Noted, Levels in Thous.</i>							
Existing Home Sales	5.6%	5810	5500	5370	5560	5497	3.8
Northeast	6.7%	800	750	710	753	732	0.0
Midwest	8.4%	1420	1310	1300	1343	1313	6.8
South	8.3%	2340	2160	2120	2207	2213	4.0
West	-2.3%	1250	1280	1240	1257	1238	2.5
Median Sales Price (\$, NSA)	0.8%	248000	246000	247600	247200	252683	5.8

Source: National Association of Realtors