

March Existing Home Sales

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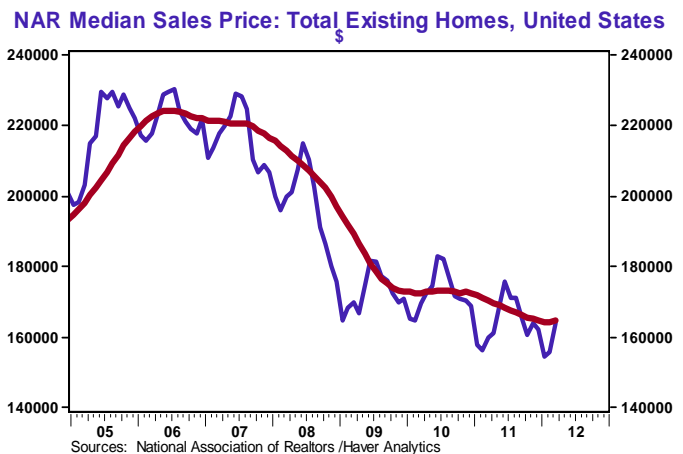
- Existing home sales fell 2.6% in March to an annual rate of 4.48 million units, slightly below consensus expected 4.61 million units. Sales are still up 5.2% versus a year ago.
- Sales in March were down in the West, Northeast and South, and flat in the Midwest. Most of the decline in overall sales was due to single-family homes.
- The median price of an existing home rose to \$163,800 in March (not seasonally adjusted), and is up 2.5% versus a year ago. Average prices are up 2.0% versus last year.
- The months' supply of existing homes (how long it would take to sell the entire inventory at the current sales rate) remained at 6.3 in March. The slowdown in sales was matched by a decline in the inventories of homes for sale.

Implications: The housing market is slowly but surely mending. Although existing home sales fell 2.6% in March, they are still up 5.2% from a year ago. Even with the decline in March, sales averaged 4.57 million homes at an annual rate in the first quarter, the strongest level since the second quarter of 2010. It still remains tough to buy a home. Despite record low mortgage rates, home buyers still face very tight credit conditions. Tight credit conditions would also explain why all-cash transactions accounted for 32 percent of purchases in March versus a traditional share of about 10 percent. Those with cash are able to take advantage of home prices that are extremely low relative to fundamentals (such as rents and replacement costs); for them, it's a great time to buy. With credit conditions remaining tight, we don't expect a huge increase in home sales any time soon, but the housing market is on the mend. In other news this morning, new claims for unemployment insurance slipped 2,000 last week to 386,000. Continuing claims for regular state benefits increased 26,000 to 3.30 million. The Philadelphia Fed index, which measures manufacturing activity in that region, declined to +8.5 in April from +12.5 in March. Notably, following the same pattern as the Empire State index, even though the overall index fell – suggesting a moderation of growth after an unusually warm winter – the sub-index for employment picked up substantially, rising to +17.9 in April from +6.8 in March.

NAR Total Existing Home Sales, United States
 SAAR, Thous



NAR Median Sales Price: Total Existing Homes, United States
 12-month Moving Average \$



Existing Home Sales	Mar-12		Feb-12	Jan-12	3-month	6-month	Yr to Yr % Change
	% Ch.	level					
<i>Seasonally Adjusted Unless Noted, Levels in Thous.</i>							
Existing Home Sales	-2.6%	4480	4600	4630	4570	4468	5.2
Northeast	-1.7%	580	590	600	590	567	5.5
Midwest	0.0%	1020	1020	1010	1017	990	15.9
South	-1.1%	1750	1770	1760	1760	1742	3.6
West	-7.4%	1130	1220	1260	1203	1170	-0.9
Median Sales Price (\$, NSA)	5.3%	163800	155600	154600	158000	160167	2.5

Source: National Association of Realtors