

## March Existing Home Sales

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- Existing home sales declined 0.6% in March to an annual rate of 4.92 million units, coming in below the consensus expected 5.00 million rate. Sales are up 10.3% versus a year ago.
- Sales in March were down in the South and West, were unchanged in the Northeast and up in the Midwest. The decline in sales was due to a slightly slower sales pace for both single family homes and condo/coops.
- The median price of an existing home rose to \$184,300 in March (not seasonally adjusted), and is up 11.8% versus a year ago. Average prices are up 9.9% versus last year.
- The months' supply of existing homes (how long it would take to sell the entire inventory at the current sales rate) rose to 4.7 in March from 4.6 in February. The rise in the months' supply was due to both higher inventories for single-family homes and a slower selling pace. Inventories for condos/coops declined.

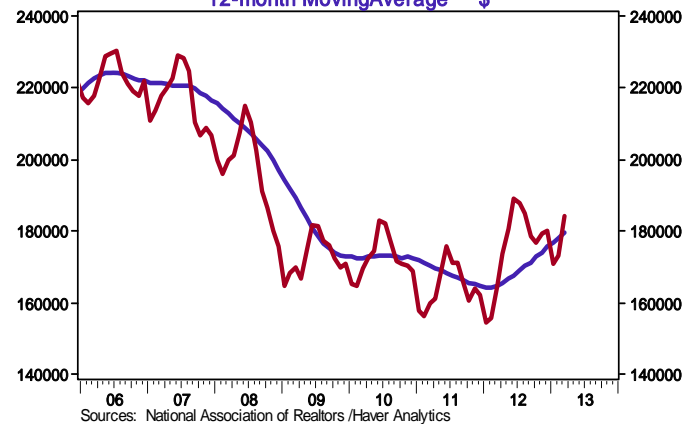
NAR Total Existing Home Sales, United States  
SAAR, Thous



**Implications:** Existing home sales fell slightly in March but remain near the highest sales pace since November 2009, when sales were artificially boosted by an \$8,000 homebuyer tax credit. Sales appear to have leveled off over the past several months but are still up 10.3% from a year ago. We expect sales to renew an upward push over the next few months. Either way, remember that sales of existing homes don't directly affect GDP the way housing starts do; they only add indirectly in the form of commissions for the brokers who handle the sales. The months' supply of existing homes (how long it would take to sell the entire inventory at the current selling rate) rose to 4.7 in March, but this is no cause for worry. The months' supply was 6.2 a year ago and 8.6 two years ago. What we are probably seeing is some more marginal sellers coming back into the market as pricing power recovers. The 11.8% gain in median prices versus a year ago can be attributed to a couple of factors. First, a lower months' supply while demand is picking up. Second, fewer distressed sales and more sales of larger homes. Homes priced from \$0-\$100,000 were down 15.9% from a year ago while \$1,000,000+ homes are up 26.9%. In general, it still remains tougher than normal to buy a home. Despite record low mortgage rates, home buyers face very tight credit conditions. Tight credit conditions would also explain why all-cash transactions accounted for 30% of purchases in March versus a traditional share of about 10%. 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. In other news last week, initial claims for unemployment insurance rose 4,000 last week to 352,000. Continuing claims for regular state benefits fell 35,000 to 3.07 million. These figures are consistent with more solid job growth in April. On the manufacturing front, the Philly Fed index, a measure of activity in that region, declined to +1.3 in April from +2.0 in March. Overall, more plow horse economic reports.

Existing Homes: Median Sales Price

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12-month Moving Average



Existing Home Sales <i>Seasonally Adjusted Unless Noted, Levels in Thous.</i>	Mar-13		Feb-13	Jan-13	3-month	6-month	Yr to Yr % Change
	% Ch.	level					
<b>Existing Home Sales</b>	<b>-0.6%</b>	<b>4920</b>	4950	4940	4937	4917	10.3
<b>Northeast</b>	<b>0.0%</b>	<b>630</b>	630	650	637	623	6.8
<b>Midwest</b>	<b>1.8%</b>	<b>1160</b>	1140	1160	1153	1147	14.9
<b>South</b>	<b>-1.5%</b>	<b>1950</b>	1980	1960	1963	1957	12.7
<b>West</b>	<b>-1.7%</b>	<b>1180</b>	1200	1170	1183	1190	4.4
<b>Median Sales Price (\$, NSA)</b>	<b>6.4%</b>	<b>184300</b>	173200	170600	176033	177433	11.8

Source: National Association of Realtors