

# November Existing Home Sales

**Brian S. Wesbury** – Chief Economist  
**Robert Stein, CFA** – Dep. Chief Economist  
**Strider Elass** – Economist

- Existing home sales declined 6.1% in November to a 4.93 million annual rate, coming in below the consensus expected 5.20 million. Sales are up 2.1% versus a year ago.
- Sales in November were down in all major regions of the country. The decline in sales was mostly due to single-family homes, although sales of condos/coops were down as well.
- The median price of an existing home fell to \$205,300 in November (not seasonally adjusted) but is up 5.0% versus a year ago. Average prices are up 3.5% versus last year.
- The months' supply of existing homes (how long it would take to sell the entire inventory at the current sales rate) was unchanged at 5.1 months in November. This was due to both a slower selling pace as well as a decline in inventories.

**Implications:** After hitting the highest level of the year in October, existing home sales fell 6.1% in November, the weakest reading since May. Given the month-to-month volatility in existing home sales over the past several years, it's important to focus on the underlying trend, which remains upward. Overall sales are up a modest 2.1% from a year ago and the underlying trend is improving more rapidly. Distressed homes (foreclosures and short sales) now account for only 9% of sales, down from 14% a year ago, while all-cash buyers are now 25% of sales versus 32% a year ago. As a result, non-cash sales (where the buyer uses a mortgage loan) are up 12.6% since last November. So, even though tight credit continues to suppress sales, we are seeing signs of an easing in mortgage credit, which suggests overall sales will continue to climb in the year ahead. Another reason for the tepid recovery in overall existing home sales is a lack of inventory. Inventories are up a mere 2% from a year ago and down over the past four months. In the year ahead, we expect higher home prices to bring more homes on the market, which should help generate additional sales. Either way, whether existing home sales are up or down, it's important to remember these data, by themselves, should not change anyone's impression about the overall economy. Existing home sales contribute almost zero to GDP. Look for better sales in the year ahead. But, unless lenders dramatically loosen standards, the increases in sales will remain tame by historical standards.

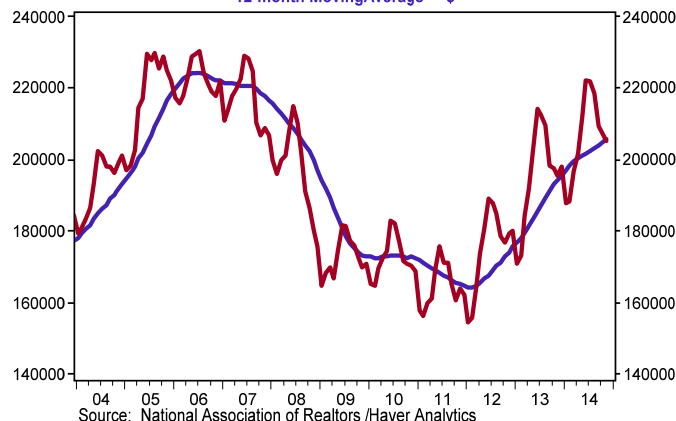
**NAR Total Existing Home Sales, United States**

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>	Nov-14		Oct-14	Sep-14	3-month	6-month	Yr to Yr % Change
	% Ch.	level					
<b>Existing Home Sales</b>	-6.1%	4930	5250	5180	5120	5097	2.1
<b>Northeast</b>	-4.2%	680	710	690	693	672	4.6
<b>Midwest</b>	-8.9%	1130	1240	1180	1183	1200	-1.7
<b>South</b>	-3.2%	2090	2160	2110	2120	2092	5.0
<b>West</b>	-9.6%	1030	1140	1200	1123	1133	-1.0
<b>Median Sales Price (\$, NSA)</b>	-1.1%	205300	207500	209100	207300	213983	5.0

Source: National Association of Realtors