

April Existing Home Sales

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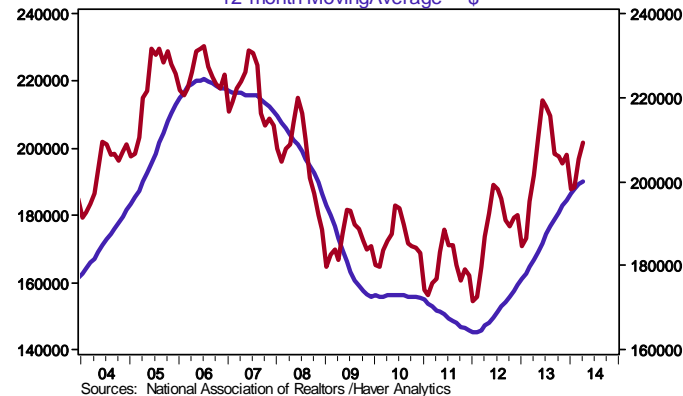
- Existing home sales rose 1.3% in April to a 4.65 million annual rate, coming in just below the consensus expected 4.69 million annual rate. Sales are down 6.8% versus a year ago.
- Sales in April were up in the West and South, were unchanged in the Northeast, and were down in the Midwest. The increase in sales was due to higher sales of both condos/coops and single-family homes.
- The median price of an existing home rose to \$201,700 in April (not seasonally adjusted) and is up 5.2% versus a year ago. Average prices are up 3.7% 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 5.9 months in April. The increase in the months' supply was all due to a 330,000 increase in inventories.

Implications: Existing home sales increased 1.3% in April to a 4.65 million annual rate, but are still hovering around the lowest levels in about two years. However, this should not change anyone's impression about the overall economy. Remember, existing home sales contribute almost zero to GDP, so there will be no noticeable negative effect to GDP from the tepid level of sales. The best news in today's report is that a lack of inventory has been a major culprit behind slower sales and that seems to be changing. Inventories increased by a whopping 330,000 units in April, the third largest monthly increase on record back to 1999. This jump suggests the pace of sales will pick up this spring and contracts signed in April will show up in May and June sales. Expect more inventory to come onto the market in 2014 as home prices continue to move higher (median prices for existing homes are up 5.2% from a year ago). However, credit remains tight, making it hard to get a loan to buy a home. This explains why 32% of all sales in April were all-cash transactions. However, we do not believe higher mortgage rates are noticeably holding back sales. The US had a bubble in housing during 2003-05, when 30-year mortgage rates averaged 5.8%. Today they are 4.2%. In other news this morning, initial claims for unemployment insurance increased 28,000 last week to 326,000. Continuing claims declined 13,000 to 2.653 million. Plugging these figures into our employment models suggests payrolls increased 195,000 in May, another solid month for job gains.

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>	Apr-14		Mar-14	Feb-14	3-month	6-month	Yr to Yr
	% Ch.	level					% Change
Existing Home Sales	1.3%	4650	4590	4600	4613	4693	-6.8
Northeast	0.0%	600	600	550	583	610	-6.3
Midwest	-1.0%	1030	1040	1000	1023	1063	-9.6
South	1.0%	1940	1920	1980	1947	1967	-3.5
West	4.9%	1080	1030	1070	1060	1053	-10.0
Median Sales Price (\$, NSA)	2.5%	201700	196700	188300	195567	194633	5.2

Source: National Association of Realtors