

# November Existing Home Sales

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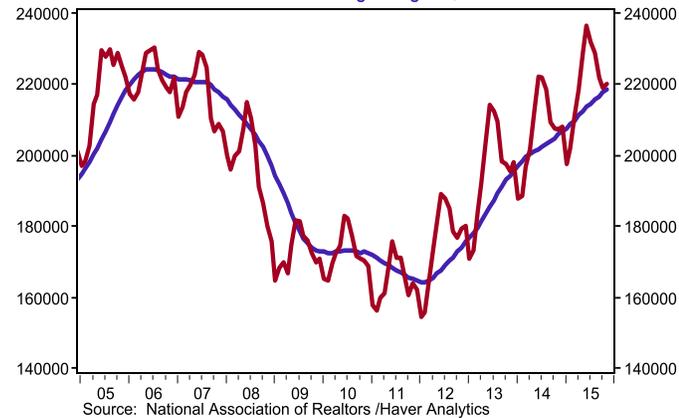
- Existing home sales dropped 10.5% in November to a 4.76 million annual rate, coming in well below the consensus expected 5.35 million. Sales are down 3.8% versus a year ago.
- Sales declined in all major regions of the country. The decline was all due to a drop in single-family homes. Sales of condos/coops rose modestly.
- The median price of an existing home rose to \$220,300 in November (not seasonally adjusted) and is up 6.3% versus a year ago. Average prices are up 4.0% versus last year.
- The months' supply of existing homes (how long it would take to sell the entire inventory at the current sales rate) rose to 5.1 months in November from 4.8 in October. The increase was entirely due to a slower sales pace, actual inventories fell in November.

**Implications:** Existing home sales came in much lower than expected in November, with the number of sales well lower than even the most pessimistic forecast. Sales of previously owned homes fell to a 4.76 million annual rate in November, a 10.5% decline, and are now down 3.8% from a year ago. However, the decline was due to a change in regulations, not market forces. According to the National Association of Realtors (NAR), a new federal rule called “Know Before You Owe” altered the documents needed at closing and pushed into December many closings that would normally have happened in November. In fact, 47% of realtors surveyed by the NAR reported longer timeframes to close in November compared to a year ago. As a result, expect a sharp rebound in December closings before they return to trend early in 2016. However, another factor that continues to hold down sales is a lack of supply. Existing homes for sale are down 1.9% from a year ago, leaving buyers with few choices and explaining rising prices, with median sales prices up 6.3% from a year ago. Moving forward, higher prices should lure “on-the-fence” sellers into the market, boosting inventory, and increasing sales in the year ahead. In other housing news this morning, the FHFA Index, which measures prices for homes financed by conforming mortgages, increased 0.5% in October and is up 6.1% from a year ago. That’s an acceleration from the 4.7% gain in the year ending in October 2014. In the past twelve months, price gains have been the fastest in the “Mountain” region, which includes Montana, Idaho, Wyoming, Nevada, Utah, Colorado, Arizona, and New Mexico. Price gains have been the slowest in New England. On the manufacturing front, the Richmond Fed index, a measure of mid-Atlantic factory sentiment, rose to +6 in December from -3 in November. That’s the first positive reading since July and signals that manufacturing may finally be moving beyond problems related to slow growth abroad, a strong dollar, and lower energy production.

**NAR Total Existing Home Sales, United States**  
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**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-15		Oct-15	Sep-15	3-month	6-month	Yr to Yr % Change
	% Ch.	level					
<b>Existing Home Sales</b>	<b>-10.5%</b>	<b>4760</b>	5320	5550	5210	5332	-3.8
<i>Northeast</i>	<i>-9.2%</i>	<i>690</i>	760	760	737	722	1.5
<i>Midwest</i>	<i>-15.4%</i>	<i>1100</i>	1300	1310	1237	1268	-2.7
<i>South</i>	<i>-6.2%</i>	<i>1980</i>	2110	2210	2100	2153	-5.7
<i>West</i>	<i>-13.9%</i>	<i>990</i>	1150	1270	1137	1188	-4.8
<b>Median Sales Price (\$, NSA)</b>	<b>0.5%</b>	<b>220300</b>	219100	221700	220367	226283	6.3

Source: National Association of Realtors