

February Existing Home Sales

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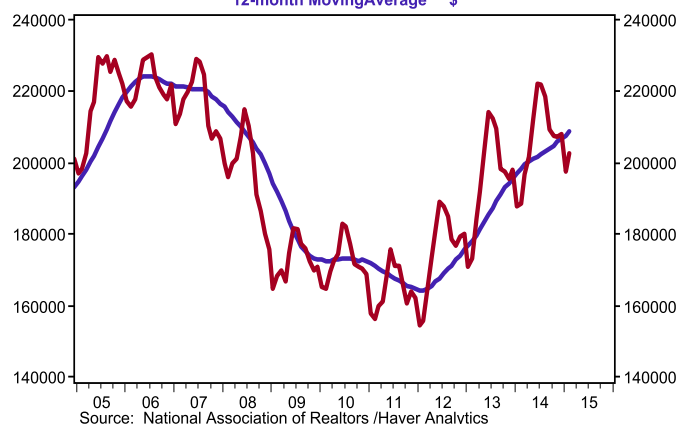
- Existing home sales increased 1.2% in February to a 4.88 million annual rate, coming in right around the consensus expected 4.90 million annual rate. Sales are up 4.7% versus a year ago.
- Sales rose in the West and South, were unchanged in the Midwest, and fell 6.5% in the Northeast. The increase in sales was all due to single-family homes. Sales of condos/coops were unchanged in February.
- The median price of an existing home rose to \$202,600 in February (not seasonally adjusted) and is up 7.5% versus a year ago. Average prices are up 5.0% 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 unchanged at 4.6 months in February. The slightly faster selling pace offset a small increase in inventories.

Implications: Nothing shows the Plow Horse Economy better than housing. Sales of existing homes increased 1.2% in February, and the underlying fundamentals are slowly but surely improving. Sales have gained on a year-to-year basis for five consecutive months and are now up 4.7% from a year ago. And this gain comes in the face of a drop in distressed and all-cash-sales. Distressed homes (foreclosures and short sales) now account for only 11% of total sales, down from 16% a year ago. All-cash buyers are down to 26% of sales from a high of 35% in February 2014. As a result, even though total sales are up 4.7% from a year ago, non-cash sales (where the buyer uses a mortgage loan) are up 19.2%. What this means is that when distressed and all-cash sales eventually bottom out, total sales will start rising at a more rapid pace. So even though credit (but, not liquidity) remains relatively tight, we see evidence of a thaw, which suggests overall sales will climb at a faster pace in the year ahead. What's interesting is that the percentage of buyers using credit has increased as the Fed tapered and then ended QE. Those predicting a housing crash without more QE were completely wrong. One of the reasons for the tepid recovery in existing home sales so far is a lack of inventory. Inventories are down 0.5% from a year ago and remain at very depressed levels relative to history. However, the median sales price of an existing home rose to \$202,600 in February, up 7.5% from a year ago. As a result, in the year ahead, we expect the higher level of home prices to bring more sellers into 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, which counts "new" production, not re-sales of old property.

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	Feb-15		Jan-15	Dec-14	3-month	6-month	Yr to Yr
	% Ch.	level					
<i>Seasonally Adjusted Unless Noted, Levels in Thous.</i>							
Existing Home Sales	1.2%	4880	4820	5070	4923	4997	4.7
Northeast	-6.5%	580	620	670	623	655	3.6
Midwest	0.0%	1080	1080	1110	1090	1128	4.9
South	1.9%	2110	2070	2170	2117	2112	6.0
West	5.7%	1110	1050	1120	1093	1102	2.8
Median Sales Price (\$, NSA)	2.5%	202600	197600	208200	202800	205367	7.5

Source: National Association of Realtors