

# December Existing Home Sales

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- Existing home sales increased 14.7% in December to a 5.46 million annual rate, coming in well above the consensus expected 5.20 million. Sales are up 7.7% versus a year ago.
- Sales rose in all major regions of the country. The increase was mostly due to single-family homes, but sales of condos/coops were also up in December.
- The median price of an existing home rose to \$224,100 in December (not seasonally adjusted) and is up 7.6% versus a year ago. Average prices are up 4.7% versus last year.
- The months' supply of existing homes (how long it would take to sell the entire inventory at the current sales rate) fell to 3.9 months in December from 5.1 in November. The decrease was due to both a faster sales pace and a decline in inventories.

**Implications:** Existing home sales soared in December, more than making up for a temporary regulation-related drop in November. The 14.7% surge in December was the largest single-month gain on record, sending sales to a 5.46 million annual rate, well above what the consensus expected. Sales are up 7.7% from a year ago and sales for all of 2015 were the highest since 2006. Back in November, sales plummeted due to a new federal rule called "Know Before You Owe," which changed the documents needed at closing, lengthening the settlement process. As a result, some closings that would normally have happened in November were pushed into December. However, reports suggest the length of the settlement process has yet to go fully back to normal, which means existing home sales should remain healthy in early 2016 (assuming weather isn't a problem). Remarkably, the increase in sales in 2015 happened even though existing home inventories remained slim, down 3.8% from a year ago and the lowest December since 1999. We continue to expect higher home sales in 2016 and think the pace of sales should accelerate, in part, as higher prices lure "on-the-fence" sellers into the market, boosting inventory. The median sales price of an existing home is up 7.6% from a year ago. In other recent news, new claims for jobless benefits rose 10,000 last week to 293,000 while continuing claims declined 56,000 to 2.21 million. Plugging these figures into our models suggests payrolls are growing 195,000 in January, another solid month. On the manufacturing front, the Philadelphia Fed index, a measure of sentiment in East Coast manufacturing, came in at -3.5 in January versus -10.2 in December signaling that the rate of contraction in that sector is flattening out.

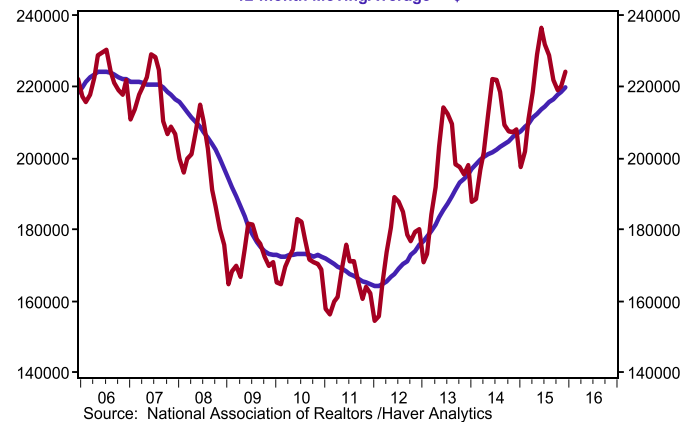
**NAR Total Existing Home Sales, United States**

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**Existing Homes: Median Sales Price**

12-month Moving Average



Existing Home Sales <i>Seasonally Adjusted Unless Noted, Levels in Thous.</i>	Dec-15		Nov-15	Oct-15	3-month	6-month	Yr to Yr % Change
	% Ch.	level					
<b>Existing Home Sales</b>	14.7%	5460	4760	5320	5180	5328	7.7
<b>Northeast</b>	8.7%	750	690	760	733	727	11.9
<b>Midwest</b>	10.9%	1220	1100	1300	1207	1252	9.9
<b>South</b>	14.6%	2270	1980	2110	2120	2165	4.6
<b>West</b>	23.2%	1220	990	1150	1120	1185	8.9
<b>Median Sales Price (\$, NSA)</b>	1.9%	224100	220000	219100	221067	224200	7.6

Source: National Association of Realtors