

May Existing Home Sales

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- Existing home sales increased 1.8% in May to a 5.53 million annual rate, coming in just below the consensus expected 5.55 million. Sales are up 4.5% versus a year ago.
- Sales rose in the West, South, and Northeast, but declined in the Midwest. The increase was due to gains in both single-family homes and condos/coops.
- The median price of an existing home rose to \$239,700 in May (not seasonally adjusted) and is up 4.7% versus a year ago. Average prices are up 3.2% 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 4.7 months in May, remaining unchanged from April. The increased pace of sales completely offset a gain in inventories.

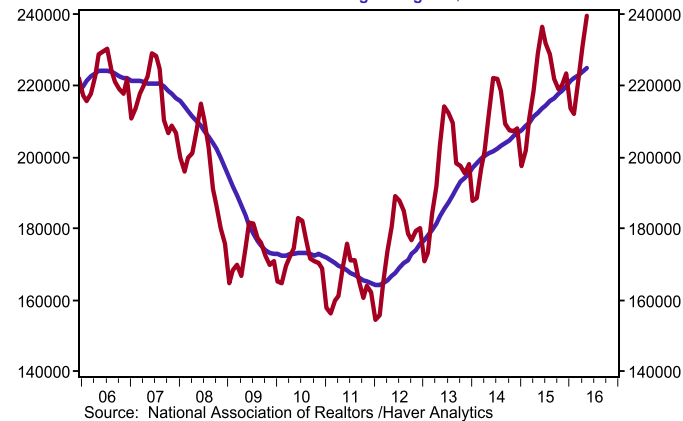
Implications: Existing home sales continued to show strength in May, posting their third consecutive monthly gain, and coming in at the fastest pace since 2007. Sales of previously owned homes rose 1.8% in May to a 5.53 million annual rate and are up 4.5% from a year ago. In a sign of a mild loosening of lending standards (finally!), non-cash purchases, where the buyer uses a mortgage loan, are up 7.3% from a year ago. This is encouraging, and we think the broader trend will continue to be upward, but there are still some headwinds. Tight supply and rising prices continue to hold back sales. While inventories rose 1.4% in May they are still down 5.7% from a year ago. The months' supply of existing homes – how long it would take to sell the current inventory at the most recent selling pace – is only 4.7 months. According to the National Association of Realtors® (NAR), anything less than 5.0 months is considered tight supply. The good news is that demand was so strong in May that properties typically only stayed on the market for 32 days, the shortest duration since the NAR began tracking in May 2011! In fact, 49% of properties in May sold in less than a month, pointing to further interest from buyers in the months ahead. However, higher demand from the spring selling season also helped push the median price for an existing home to an all-time high, up 4.7% versus a year ago, and marking the 51st consecutive month of year-over-year price gains. While this may be pricing some lower-end buyers out of the market, it should help alleviate some of the supply constraints as “on the fence” sellers take advantage of higher prices and trade-up to a new home, bringing more existing properties onto the market. Meanwhile, the FHFA index, which measures prices for homes financed with conforming mortgages, increased 0.2% in April and is up 5.9% from a year ago. In the year ending in April 2014, FHFA prices were up 5.6%.

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	May-16		Apr-16	Mar-16	3-month	6-month	Yr to Yr
	% Ch.	level	level	level	moving avg.	moving ave.	% Change
<i>Seasonally Adjusted Unless Noted, Levels in Thous.</i>							
Existing Home Sales	1.8%	5530	5430	5360	5440	5385	4.5
Northeast	4.1%	770	740	720	743	727	11.6
Midwest	-6.5%	1300	1390	1240	1310	1267	3.2
South	4.6%	2280	2180	2250	2237	2230	6.5
West	5.4%	1180	1120	1150	1150	1162	-1.7
Median Sales Price (\$, NSA)	3.8%	239700	230900	221500	230700	223517	4.7

Source: National Association of Realtors