

June Existing Home Sales

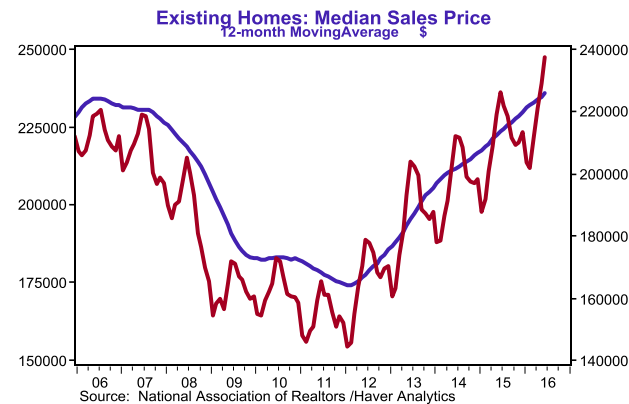
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- Existing home sales increased 1.1% in June to a 5.57 million annual rate, beating the consensus expected 5.48 million. Sales are up 3.0% versus a year ago.
- Sales rose in the Midwest and West, remained unchanged in the South, and declined in the Northeast. The increase was due to gains in both single-family homes and condos/coops.
- The median price of an existing home rose to \$247,700 in June (not seasonally adjusted) and is up 4.8% versus a year ago. Average prices are up 4.2% 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 4.6 months in June, down from 4.7 months in May. The decline was due to both a faster pace of sales and a drop in inventories.

NAR Total Existing Home Sales, United States
 SAAR, Thous



Existing Homes: Median Sales Price
 \$



Implications: Existing home sales continued to show strength in June, posting the fourth consecutive monthly gain and hitting the fastest pace since 2007. Sales of previously owned homes rose 1.1% in June to a 5.57 million annual rate and are up 3% from a year ago. Moreover, in a sign of a mild loosening of lending standards (finally!), the share of first-time buyers reached its highest level since 2012 in June, helping boost sales. 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. Inventories fell 0.9% in June and are now down 5.8% 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 4.6 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 that 48% of properties in June sold in less than a month, pointing to further interest from buyers in the months ahead. However, higher demand from the summer selling season also helped push the median price for an existing home to a new all-time high, up 4.8% versus a year ago. While this may temporarily price 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 as well. In other housing news this morning, the FHFA index, which measures prices for homes financed with conforming mortgages, increased 0.2% in May and is up 5.6% from a year ago. Another sign that supply remains limited and home builders have room to keep ramping up construction. On the manufacturing front, the Philadelphia Fed index, a measure of sentiment among East Coast manufacturers, came in at -2.9 in July versus +4.7 in June. However, more broadly, new claims for unemployment benefits declined 1,000 last week to 253,000, defying the consensus, and marking the 72nd consecutive week below 300,000. Continuing claims declined 25,000 to 2.13 million. These figures are consistent with the kinds of job gains that should get the Fed back on track toward higher rates, possibly as early as September.

Existing Home Sales	Jun-16		May-16	Apr-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	1.1%	5570	5510	5430	5503	5402	3.0
<i>Northeast</i>	-1.3%	760	770	740	757	730	5.6
<i>Midwest</i>	3.8%	1350	1300	1390	1347	1283	4.7
<i>South</i>	0.0%	2260	2260	2180	2233	2230	3.2
<i>West</i>	1.7%	1200	1180	1120	1167	1158	-0.8
Median Sales Price (\$, NSA)	3.7%	247700	238900	230900	239167	227467	4.8

Source: National Association of Realtors