

May Existing Home Sales

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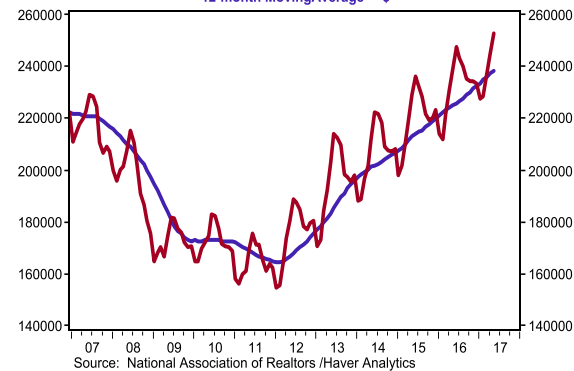
- Existing home sales increased 1.1% in May to a 5.62 million annual rate, beating the consensus expected 5.55 million. Sales are up 2.7% versus a year ago.
- Sales in May rose in the Northeast, West, and South, but fell in the Midwest. The increase was mostly due to growth in sales of single-family homes, although sales of condos/coops rose as well.
- The median price of an existing home increased to \$252,800 in May (not seasonally adjusted) and is up 5.8% versus a year ago. Average prices are up 4.9% 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 4.2 months in May from 4.1 months in April. The gain was due entirely to an increase in inventories, which offset the faster pace of sales.

NAR Total Existing Home Sales, United States
 SAAR, Thous



Existing Homes: Median Sales Price

Existing Homes: Median Sales Price
 12-month Moving Average \$



Implications: Existing home sales surprised to the upside in May, beating the consensus expected pace despite setting the highest median price on record. Sales of previously-owned homes rose 1.1% in May to a 5.62 million annual rate, and are now up 2.7% from a year ago. Going forward, it is important to remember home sales are volatile from month to month, but we expect the general upward trend of the past several years to keep going. That being said, tight supply and rising prices remain headwinds. Inventories have now fallen on a year-over-year basis for 24 consecutive months and are down 8.4% from a year ago. This has also affected the months' supply of existing homes – how long it would take to sell the current inventory at the most recent sales pace – which was 4.2 months in May, down from 4.7 months a year ago. According to the NAR, anything less than 5.0 months is considered tight supply. The good news is that demand for existing homes was so strong that a typical property only stayed on the market for 27 days in May, the shortest timeframe since the NAR began tracking in 2011. Higher demand and a shift in the “mix” of homes sold toward more expensive properties has also driven up median prices, which have now risen for 63 consecutive months on a year-over-year basis, and reached a new record high in May. The more expensive the home the stronger the sales growth has been over the past year, signaling that supply constraints may be disproportionately hitting the lower end of the market. Further, tough regulations on land use raise the fixed costs of housing, tilting development toward higher end homes. The NAR suggests that strong demand could also be pushing some properties into higher brackets as multiple offers boost the final sales price. Although some analysts may be concerned about the impact of higher mortgage rates, it's important to recognize that rates are still low by historical standards, incomes are growing, and the appetite for homeownership is eventually going to move higher again.

Existing Home Sales	May-17		Apr-17	Mar-17	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%	5620	5560	5700	5627	5592	2.7
Northeast	6.8%	780	730	750	753	752	2.6
Midwest	-5.9%	1280	1360	1310	1317	1292	-0.8
South	2.2%	2340	2290	2420	2350	2322	4.5
West	3.4%	1220	1180	1220	1207	1227	3.4
Median Sales Price (\$, NSA)	3.2%	252800	245000	236600	244800	237200	5.8

Source: National Association of Realtors

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