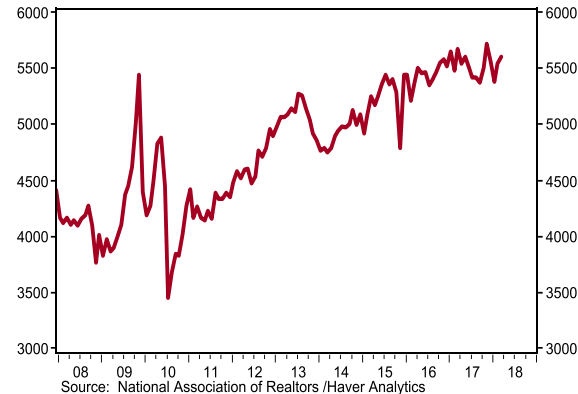


March Existing Home Sales

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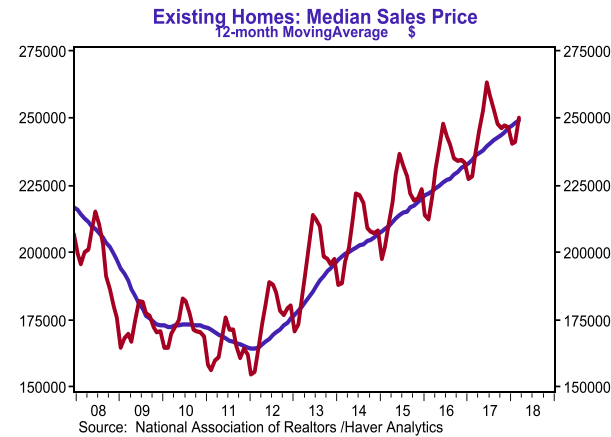
- Existing home sales increased 1.1% in March to a 5.60 million annual rate, beating the consensus expected 5.55 million. Sales are down 1.2% versus a year ago.
- Sales in March rose in the Northeast and Midwest, but fell in the West and South. The increase was due to both single-family homes and condos/coops.
- The median price of an existing home rose to \$250,400 in March (not seasonally adjusted) and is up 5.8% versus a year ago. Average prices are up 4.1% versus last year.

NAR Total Existing Home Sales, United States
 SAAR, Thous



Implications: Existing home sales rose more than expected in March, posting a second month in a row of increases. Sales of previously-owned homes rose 1.1% in March to a 5.60 million annual rate. The faster pace of sales in March was driven entirely by the Northeast and Midwest regions, which were also the regions where closings slumped in February. Although sales are down slightly from a year ago, that’s not a reason for concern; March 2017 had the second fastest pace of sales for any month last year, so it’s just a tough comparison point this month. We expect sales to grow in 2018, although tight inventories remain a headwind. Inventories have been lower on a year-over-year basis for 34 consecutive months and are down 7.2% from a year ago. The months’ supply of existing homes – how long it would take to sell the current inventory at the most recent sales pace – rose to a still extremely low reading of 3.6 months in March from 3.4 months in February. According to the NAR, anything less than 5.0 months (a level we haven’t breached since 2015) is considered tight supply. Despite the lack of choices, demand for existing homes has remained remarkably strong, with 50% of homes sold in March remaining on the market for less than a month. Higher demand and a shift in the “mix” of homes sold toward more expensive properties has also driven up median prices, which are up 5.8% from a year ago. The strongest growth in sales over the past year is heavily skewed towards the most expensive homes, signaling that supply constraints may be disproportionately hitting the lower end of the market. Tough regulations on land use raise the fixed costs of housing, tilting development toward higher-end homes. Although some analysts may be concerned about the impact of tax reform on home sales, few homeowners exceed the new thresholds for deductibility. Finally, though mortgage rates may be heading higher, it’s important to recognize that rates are still low by historical standards, incomes are growing, and the appetite for homeownership is moving higher again.

Existing Homes: Median Sales Price
 \$



Existing Home Sales	Mar-18		Feb-18	Jan-18	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%	5600	5540	5380	5507	5550	-1.2
Northeast	6.3%	680	640	730	683	715	-9.3
Midwest	5.7%	1290	1220	1250	1253	1300	-1.5
South	-0.4%	2400	2410	2260	2357	2315	0.4
West	-3.1%	1230	1270	1140	1213	1220	0.8
Median Sales Price (\$, NSA)	3.9%	250400	240900	240800	244033	245300	5.8

Source: National Association of Realtors