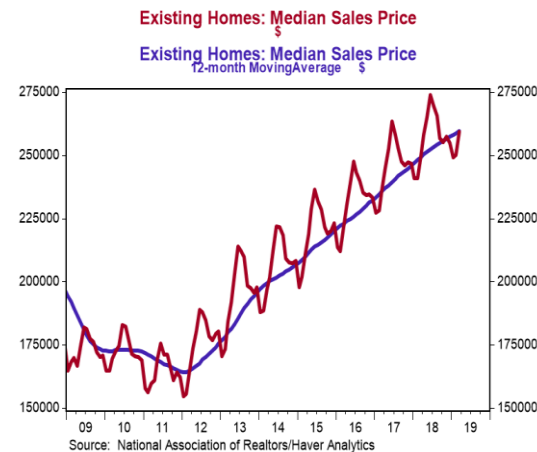
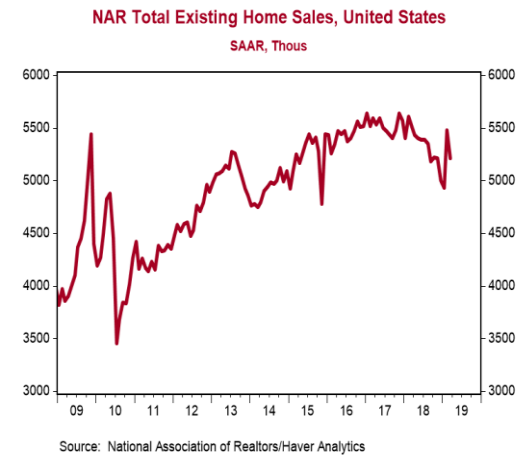


## March Existing Home Sales

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- Existing home sales declined 4.9% in March to a 5.210 million annual rate, below the consensus expected 5.300 million. Sales are down 5.4% versus a year ago.
- Sales in March fell in all major regions. The decline was due to both single-family homes and condos/coops.
- The median price of an existing home rose to \$259,400 in March (not seasonally adjusted) and is up 3.8% versus a year ago. Average prices are up 2.5% versus last year.

**Implications:** Existing home sales retreated in March after posting the second largest monthly gain on record in February. Sales fell 4.9% for the month, returning to a more moderate pace. Despite the negative headline number, Q1 as a whole posted a 1.2% gain over the Q4 2018 average, the first quarterly gain after four consecutive declines. We don't believe this is just coincidence; the fundamentals have improved of late for existing homes. First, despite median prices rising for the 85th month in a row on a year-over-year basis, the rate of growth has been slowing, with March showing a modest increase of 3.8%. This means wages are now growing nearly as fast as prices, which – along with falling mortgage rates – boosts affordability. The primary culprit behind the tempered existing housing market in 2018 was lack of supply, but here too there's been progress. Inventories have turned a corner, rising on a year-over-year basis (the best measure for inventories given the seasonality of the data) for the eighth month in a row. It looks like sellers really are changing their behavior, and a reversal in the steady decline of listings from mid-2015 through mid-2018 is a welcome reprieve for buyers, boosting supply and sales, while keeping a lid on price growth. That said, some headwinds for sales remain. First, potential homebuyers in high-tax states are likely still reeling from the \$10,000 cap on state and local tax deductions. Second, the months' supply of existing homes – how long it would take to sell the current inventory at the most recent sales pace – was only 3.9 months in March and has now stood below 5.0 (the level the National Association of Realtors considers tight) since late 2015. It won't be a straight line higher for sales in 2019 but fears the housing recovery has ended are overblown.



Existing Home Sales	Mar-19		Feb-19	Jan-19	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>							
<b>Existing Home Sales</b>	<b>-4.9%</b>	<b>5210</b>	5480	4930	5207	5175	-5.4
<b>Northeast</b>	<b>-2.9%</b>	<b>670</b>	690	690	683	688	-1.5
<b>Midwest</b>	<b>-7.9%</b>	<b>1170</b>	1270	1160	1200	1225	-8.6
<b>South</b>	<b>-3.4%</b>	<b>2280</b>	2360	2080	2240	2193	-2.1
<b>West</b>	<b>-6.0%</b>	<b>1090</b>	1160	1000	1083	1068	-10.7
<b>Median Sales Price (\$, NSA)</b>	<b>3.7%</b>	<b>259400</b>	250100	249300	252933	254333	3.8

Source: National Association of Realtors