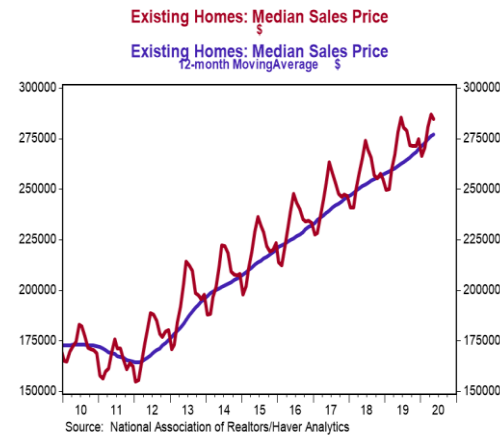
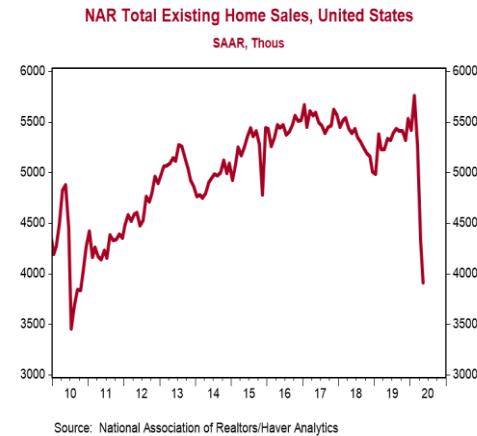


May Existing Home Sales

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- Existing home sales declined 9.7% in May to a 3.910 million annual rate, below the consensus expected 4.090 million. Sales are down 26.6% versus a year ago.
- Sales in May fell in all major regions. The decline was due to both single-family homes and condos/coops.
- The median price of an existing home fell to \$284,600 in May (not seasonally adjusted) but is up 2.3% versus a year ago. Average prices are up 1.5% versus last year.

Implications: Existing home sales fell again in May, dropping for a third consecutive month as social distancing and government-mandated lockdowns continued to weigh on sales activity. Sales are now down 26.6% from a year ago, the largest annual decline since 2007, as the housing crisis was beginning to unfold. Regarding the negative headline number, it's important to remember that existing home sales are counted at closing, and that May sales largely reflect contracts that were signed in March and April, during the height of pandemic-related lockdowns nationwide. That means May was likely a cyclical low point, and sales should begin a rebound starting in June. Notably, buyers have been signaling a preference for more personal space, avoiding dense urban areas in response to the pandemic. Since February, the last full month before the pandemic erupted, sales of condos/coops are down 43.3% while sales of single-family units are down 30.8%. Going forward, sales still face a headwind from a low inventory of existing homes, as fewer potential sellers have been listing their properties due to anticipated pandemic-related weakness in the market. Inventories in May were down 18.8% versus a year ago (the best measure for inventories given the seasonality of the data), though that was a slight improvement versus the year-over-year decline of 20.2% in April. The good news is that demand for existing homes remained strong enough that 58% of homes sold in May were on the market for less than a month. It's not hard to see why some buyers have stuck around despite the pandemic, with median price growth decelerating from an annual rate of 8.1% in February (pre-pandemic) to 2.3% in May; good deals abound for those who are willing to look. The coming months will continue to offer us a murky picture of the housing market, but we expect a rebound in activity as state reopening's bring people back to work, and life starts to look a little more "normal."



Existing Home Sales	May-20		Apr-20	Mar-20	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	-9.7%	3910	4330	5270	4503	5037	-26.6
Northeast	-13.0%	470	540	650	553	637	-29.9
Midwest	-10.0%	990	1100	1250	1113	1195	-20.2
South	-8.0%	1730	1880	2290	1967	2190	-25.1
West	-11.1%	720	810	1080	870	1015	-35.1
Median Sales Price (\$, NSA)	-0.7%	284600	286700	280700	284000	277183	2.3

Source: National Association of Realtors