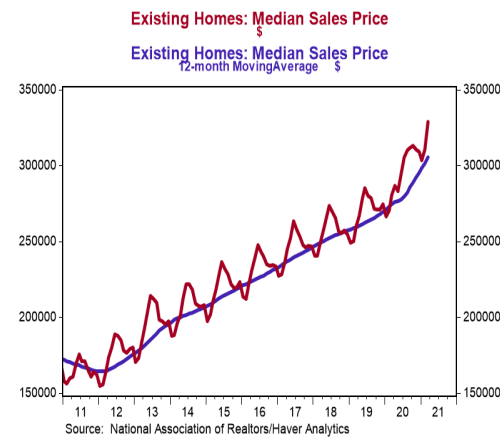
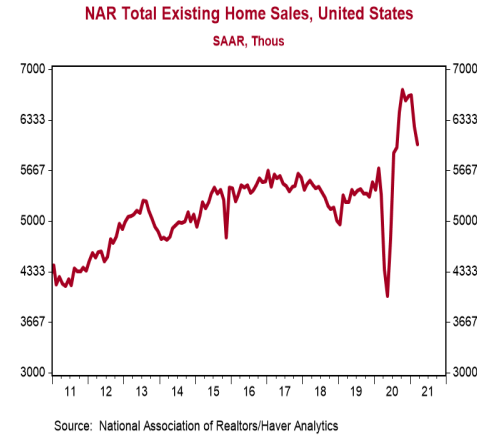


# March Existing Home Sales

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- Existing home sales declined 3.7% in March to a 6.010 million annual rate, below the consensus expected 6.110 million. Sales are up 12.3% versus a year ago.
- Sales in March fell in all the major regions. The decline was entirely due to single-family homes. Sales of condos/co-ops rose in March.
- The median price of an existing home rose to \$329,100 in March (not seasonally adjusted) and is up 17.2% versus a year ago. Average prices are up 12.4% versus last year.

**Implications:** Existing home sales fell for a second consecutive month in March, as low inventories and declining affordability continued to weigh on sales. That said, sales are still up 5.4% from their pre-COVID peak, and with new home construction at its highest level since 2006 it does look like there is more supply on the horizon as current homeowners ultimately trade up or down to a new home and list their units. That supply can't come soon enough, with today's report showing that inventories were down 28.2% versus a year ago (the most accurate measure for inventories given the seasonality of the data). This is reflected in the months' supply (how long it would take to sell today's inventory at the current sales pace) of existing homes for sale, which is now 2.1, barely above January's reading of 1.9, which was the lowest on record back to 1999. Notably, the inventory shortage is most acute at the lower end of the price spectrum, with available properties worth \$500,000 or less posting 20%+ declines in the past year. Meanwhile, mortgage rates are up roughly 40 basis points from their lows in late 2020 and median prices are up 17.2% in the past year, the fastest growth on record going back to 2000. However, despite these issues we expect sales in 2021 to ultimately post the best year since 2006. Why? First, a trend toward work-from-home is likely to remain in place even as pandemic-related measures are eased around the country. That means people who were previously tied to specific locations, typically in urban areas, will have more flexibility, making more space in the suburbs an attractive proposition. Second, it also looks like there is still significant pent-up demand from the pandemic, with buyer urgency so strong in March that 83% of the existing homes sold were on the market for less than a month. Finally, there are significant demographic tailwinds coming together for home sales for the foreseeable future. According to Pew Research, in 2019 Millennials surpassed the Baby Boomers as the largest living generation. Census Bureau population projections show that the key homebuying population of those 30-49 years old is set to grow significantly through 2039. Look for sales to continue to trend higher as more of this huge demographic enters the housing market for the first time. In other news this morning, initial jobless claims fell 39,000 last week to 547,000. Meanwhile continuing claims fell 34,000 to 3.674 million. Both these readings represent the lowest levels so far during the pandemic recovery and signal the labor market continues to recover. On the manufacturing front, the Kansas City Fed Index, a measure of factory sentiment in that region, rose to 31 in April, the highest level ever for this index dating back to 2001. Early signs suggest the US economy will grow even faster in the second quarter than it did in the first.



Existing Home Sales	Mar-21		Feb-21	Jan-21	3-month	6-month	Yr to Yr
	% Ch.	level	level	level	moving avg.	moving avg.	
<i>Seasonally Adjusted Unless Noted, Levels in Thous.</i>							
<b>Existing Home Sales</b>	<b>-3.7%</b>	<b>6010</b>	6240	6660	6303	6480	12.3
<b>Northeast</b>	<b>-1.3%</b>	<b>760</b>	770	870	800	837	16.9
<b>Midwest</b>	<b>-2.3%</b>	<b>1280</b>	1310	1530	1373	1465	0.8
<b>South</b>	<b>-2.9%</b>	<b>2700</b>	2780	2950	2810	2830	15.9
<b>West</b>	<b>-8.0%</b>	<b>1270</b>	1380	1310	1320	1348	15.5
<b>Median Sales Price (\$, NSA)</b>	<b>5.9%</b>	<b>329100</b>	310700	303600	314467	312733	17.2

Source: National Association of Realtors