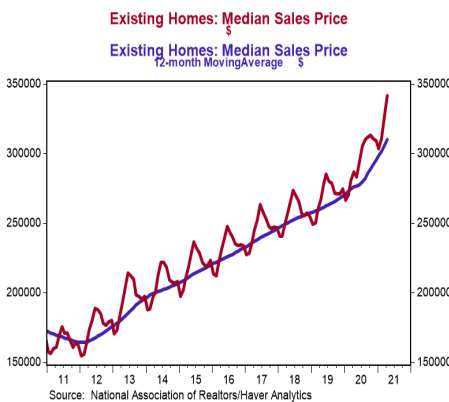
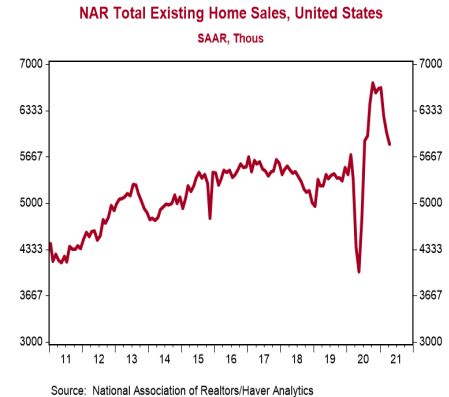


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April Existing Home Sales

- Existing home sales declined 2.7% in April to a 5.850 million annual rate, below the consensus expected 6.070 million. Sales are up 33.9% versus a year ago.
- Sales in April fell in the Northeast, South, and West, but rose in the Midwest. The decline was entirely due to single-family homes. Sales of condos/co-ops rose in April.
- The median price of an existing home rose to \$341,600 in April (not seasonally adjusted) and is up 19.1% versus a year ago. Average prices are up 13.6% versus last year.

Implications: Existing home sales fell for a third consecutive month in April, as low inventories and sky-high prices continued to weigh on closings. Notably, even with the recent declines sales are still up 2.6% from the February 2020 pre-pandemic high. Looking ahead, there are reasons to believe the worst of the inventory crunch may be behind us. New home construction still remains strong even after April’s decline, and now that the pandemic seems to be ending and vaccines are widely available, it’s likely that more sellers will feel comfortable listing their homes. In fact, inventories jumped 10.5% in April, the largest monthly gain since 2015. While inventories are still down 20.5% from a year ago (the most accurate measure for inventories given the seasonality of the data) that is a significant improvement from the declines of 29.5% for the year ending in February and March. This has helped push up the months’ supply (how long it would take to sell today’s inventory at the current sales pace) of existing homes for sale to 2.4 in April from March’s reading of 2.1, though these readings still remain near record lows. Despite the shortage of listings, it looks like there is still significant pent-up demand from the pandemic, with buyer urgency so strong in April that 88% of the existing homes sold were on the market for less than a month. The combination of strong demand and sparse supply has pushed median price growth to 19.1% in the past year, the fastest rate 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, more construction and listings as the pandemic ends should help alleviate the worst of the supply crunch and help keep a lid on price growth. Moreover, 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. Finally, there are significant demographic tailwinds coming together for home sales for the foreseeable future. Census Bureau population projections show that the key homebuying population of those 30-49 years old is set to grow significantly through 2039. In other recent news, initial jobless claims fell 34,000 last week to 444,000. Meanwhile continuing claims rose by 111,000 to 3.751 million. On the manufacturing front, the Philadelphia Fed Index, a measure of factory sentiment in that region, fell to a still very robust 31.5 in May from 50.2 in April, which was the highest reading since 1973. Early signs suggest the US economy will grow even faster in the second quarter than it did in the first. Notably, inflationary pressures were readily apparent in the report, with the prices paid measure rising to the highest reading since 1980 and the prices received measure posting the highest reading since 1981.



Existing Home Sales <i>Seasonally Adjusted Unless Noted, Levels in Thous.</i>	Apr-21		Mar-21	Feb-21	3-month	6-month	Yr to Yr % Change
	% Ch.	level	level	level	moving avg.	moving avg.	
Existing Home Sales	-2.7%	5850	6010	6240	6033	6333	33.9
Northeast	-3.9%	730	760	770	753	813	30.4
Midwest	0.8%	1290	1280	1310	1293	1413	13.2
South	-3.7%	2600	2700	2780	2693	2783	39.0
West	-3.1%	1230	1270	1380	1293	1323	53.8
Median Sales Price (\$, NSA)	4.7%	341600	326300	310700	326200	317033	19.1

Source: National Association of Realtors