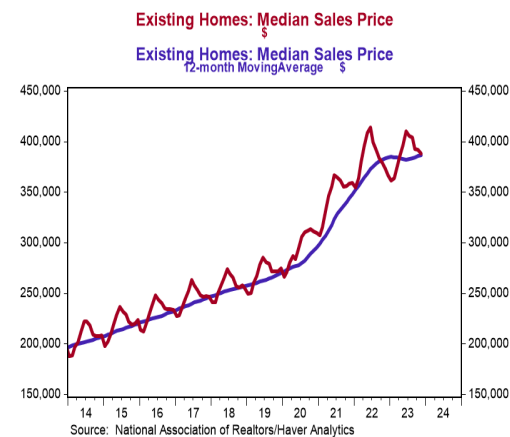
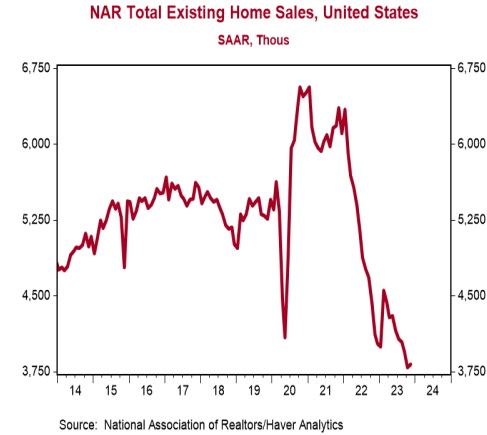


November Existing Home Sales

Bryce Gill – Economist
Brian S. Wesbury – Chief Economist
Robert Stein, CFA – Dep. Chief Economist

- Existing home sales increased 0.8% in November to a 3.820 million annual rate, narrowly beating the consensus expected 3.780 million. Sales are down 7.3% versus a year ago.
- Sales in November rose in the South and Midwest but declined in the West and Northeast. The gain in November was entirely due to single-family homes. Sales of condos/co-ops were unchanged in November.
- The median price of an existing home fell to \$387,600 in November (not seasonally adjusted) but is up 4.0% versus a year ago.

Implications: Existing home sales eked out a small gain in November following five consecutive months of declines, likely the result of the recent decline in mortgage rates. However, home sales still remain near the slowest pace since the aftermath of the 2008/9 Financial Crisis. The housing market is facing a series of headwinds, some of them temporary. The first (and most significant) has been financing costs, with the 30-year fixed mortgage rate briefly surpassing 8% for the first time in more than two decades. The good news for buyers is that optimism around inflation and a Federal Reserve that effectively declared “[mission accomplished](#)” has led to a rapid decline in interest rates across the board. Assuming a 20% down payment, the rise in mortgage rates since the Federal Reserve began its current tightening cycle in March 2022 amounts to a 36% increase in monthly payments on a new 30-year mortgage for the median existing home. Eventually, the housing market can adapt to these increases, and the recent moderation in rates should help in the short term, but continued volatility in financing costs will cause some indigestion. In addition, many existing homeowners are reluctant to sell due to a “mortgage lock-in” phenomenon, after buying or refinancing at much lower rates before 2022. That should limit future existing sales (and inventories). Case in point, the months’ supply of homes (how long it would take to sell existing inventory at the current very slow sales pace) was 3.5 in November, well below the benchmark of 5.0 that the National Association of Realtors uses to denote a normal market. A tight inventory of existing homes means that while the pace of sales may resemble 2008, we aren’t seeing that translate to a big decline in prices. In fact, home prices appear to be rising again, although modestly, with the median price of an existing home up 4.0% from a year ago. Putting this together, expect sales and prices to drag on as we head into 2024.



Existing Home Sales	Nov-23		Oct-23	Sep-23	3-month	6-month	Yr to Yr
	% Ch.	level	level	level	moving avg.	moving avg.	% Change
<i>Seasonally Adjusted Unless Noted, Levels in Thous.</i>							
Existing Home Sales	0.8%	3820	3790	3950	3853	3972	-7.3
Northeast	-2.1%	470	480	500	483	487	-13.0
Midwest	1.1%	940	930	930	933	953	-8.7
South	4.7%	1770	1690	1820	1760	1815	-4.3
West	-7.2%	640	690	700	677	717	-8.6
Median Sales Price (\$, NSA)	-1.0%	387600	391600	392800	390667	398633	4.0

Source: National Association of Realtors