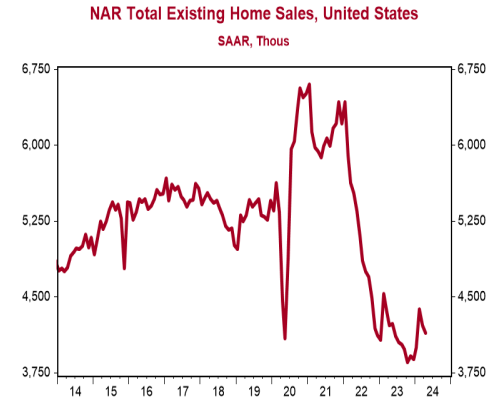


April Existing Home Sales

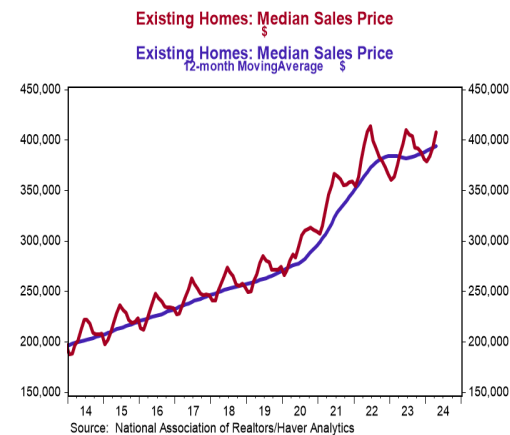
Bryce Gill – Economist
Brian S. Wesbury – Chief Economist
Robert Stein, CFA – Dep. Chief Economist

- Existing home sales declined 1.9% in April to a 4.140 million annual rate, lagging the consensus expected 4.230 million. Sales are down 1.9% versus a year ago.
- Sales in April fell in all the major regions. The drop in April was entirely due to single-family homes. Sales of condos/co-ops were unchanged in April.
- The median price of an existing home rose to \$407,600 in April (not seasonally adjusted) and is up 5.7% versus a year ago.

Implications: Existing home sales continued to recede in April, likely the result of a normalization in activity following a larger than expected gain back in February. Sales are also still facing headwinds from mortgage rates that remain above 7%. Meanwhile, home prices appear to be rising again, although modestly, with the median price of an existing home up 5.7% from a year ago. The result is that affordability is still a big concern for buyers. 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 42% increase in monthly payments on a new 30-year mortgage for the median existing home. Eventually, the housing market can adapt to these increases but continued volatility in financing costs will cause some indigestion. Notably, homes priced at \$1 million and above have seen inventories and sales rise 34% and 40%, respectively, in the past year. This demonstrates that, at least at the higher end of the market, both buyers and sellers are adjusting to the new reality of higher rates. That said, outside the most expensive segment many existing homeowners are reluctant to sell due to a “mortgage lock-in” phenomenon, after buying or refinancing at much lower rates before 2022. This remains a major headwind to activity by limiting future existing sales (and inventories). However, there are signs of progress with inventories rising 16.3% in the past year. That said, 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 April, 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 looks like 2008, we aren’t seeing that translate to a big decline in prices. Putting this together, we expect sales to be higher this year than in 2023.



Source: National Association of Realtors/Haver Analytics



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Existing Home Sales	Apr-24		Mar-24	Feb-24	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	-1.9%	4140	4220	4380	4247	4088	-1.9
Northeast	-4.0%	480	500	480	487	483	-4.0
Midwest	-1.0%	1000	1010	1030	1013	978	-1.0
South	-1.6%	1900	1930	2020	1950	1878	-3.1
West	-2.6%	760	780	850	797	748	1.3
Median Sales Price (\$, NSA)	3.7%	407600	392900	383800	394767	388683	5.7

Source: National Association of Realtors