



# Economics Group

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## Existing Home Sales Rebound in February

**Existing home sales rose 3.0 percent in February to a 5.54-million unit pace, following two straight monthly declines. The South and West posted solid gains that offset sales declines in the Northeast and Midwest.**

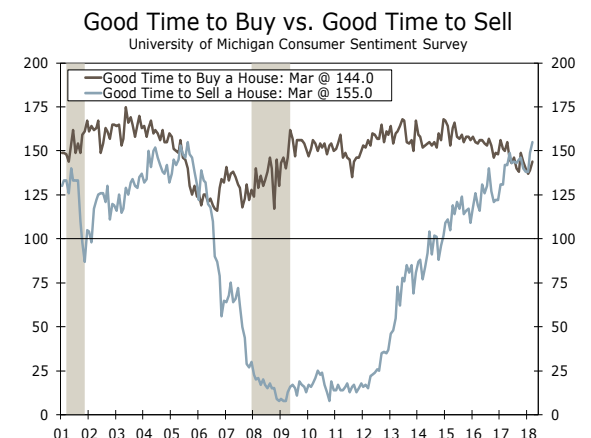
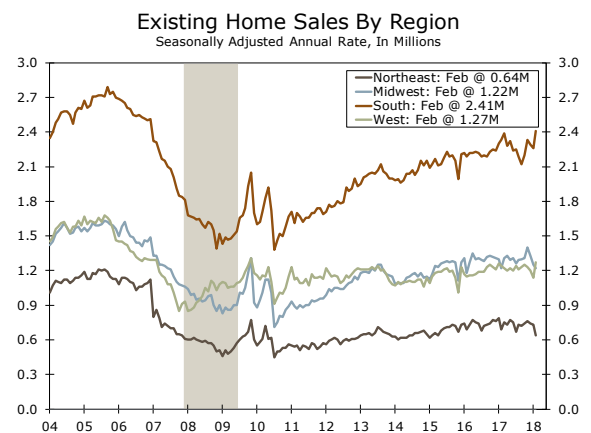
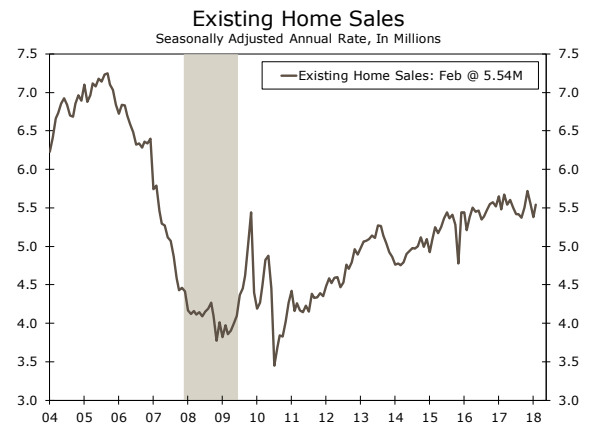
### Existing Home Sales Improve in February

Existing home sales rose 3.0 percent in February, with single-family homes accounting for all of the gain. Sales of single-family homes rose 4.2 percent to a 4.96-million unit pace. That gain offset a 6.5 percent decline in resales of condominiums and co-ops. February's rebound was likely driven by unseasonably wild and dry weather in much of the West and South, which allowed for more home buying than usual during the slow winter months. The weather was not as accommodating in the Northeast and Midwest in March, which have seen snowstorms every week, and promises to be even worse.

Winter is a difficult time to assess the health of home sales. February's 3.0 percent rise in existing home sales essentially reversed a 3.2 percent drop in January. Home sales continue to be constrained by a lack of supply, particularly of lower-priced homes. The inventory of homes for sale at the end of February rose 4.6 percent from the prior month to 1.59 million homes, but is still down 8.1 percent from the prior year. Inventories of existing homes have fallen year-to-year for the past 33 months. The lack of inventory of lower-price offerings is holding back first-time buyers, which accounted for just 29 percent of sales in February, down from 32 percent one year ago. With fewer lower-priced homes available, the median price of an existing homes has risen 5.9 percent over the past year to \$241,700. This marks the strongest yearly increase since July 2017. The rise in prices reflects the competitive environment for homes in many parts of the country. Existing home sales are being put under contract in just 37 days on average, which is more than a week faster than a year ago. The average time on the market is much less than that in many red-hot markets, particularly in the West. A large proportion of buyers are also prequalified, which means they can quickly close, and closing times have shortened considerably.

Sales in the South rose 6.6 percent on the month to a 2.41-million unit pace, a 3.4 percent year-to-year gain. Existing home sales jumped 11.4 percent in the West and are up 2.4 percent year-to-year. Sales in the Midwest fell 2.4 percent to a 1.22-million unit pace and are unchanged from last year. The Northeast saw sales fall 12.3 percent, or 7.2 percent slower than last year. The strength in the South, which accounts for 44 percent of all sales and has relatively affordable prices, combined with the sharp drop in home sales in the higher-priced Northeast, is a big reason why the average sales price has risen much less than the median price, up 4.3 percent versus 5.9 percent.

We expect home sales to gradually gain momentum this year, but reports for the next few months will be heavily influenced by the weather and continued lack of supply. There has been a persistent widening in the gap between the share of consumers that feel now is a good time to sell a home and those that feel now is a good time buy. Hopefully that will bring on more supply this spring and help stem the sharp run-up in prices.



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