

Economic Indicator — May 22, 2025

Existing Home Sales Dip in April

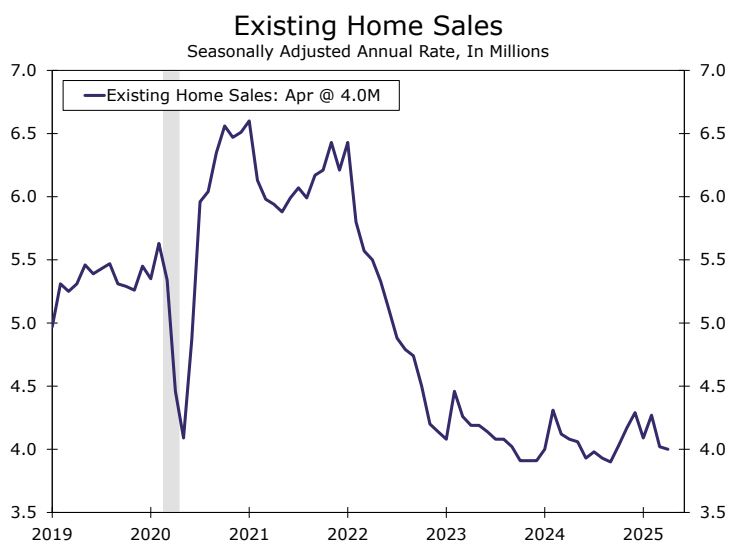
Housing Market Headwinds Prevail

Summary

Some Positive Developments for Buyers, But Affordability Conditions Remain Unfavorable

Existing home sales slipped 0.5% in April, marking the third decline in the last four months. This downward streak is emblematic of the affordability issues plaguing the housing market. Although mortgage rates dipped slightly in the months preceding April sales, they remained elevated above 6.5%, presenting a challenge for homebuyers. Rates have since moved even higher, surpassing 7.0% according to Mortgage News Daily. Ongoing price appreciation is an added challenge. However, April's 1.7% annual increase in single-family resale prices marked the slowest pace of price appreciation since July 2023. All told, softer price appreciation and growing resale inventories are positive developments. However, inventories remain scarce compared to pre-pandemic levels, and unfavorable affordability conditions will likely prevent a meaningful resale recovery in the near-term.

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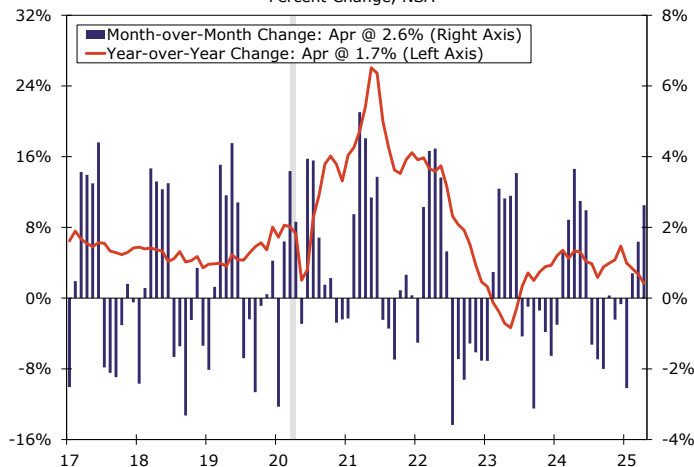
Source: NAR and Wells Fargo Economics

Resales Remain Suppressed

- Unfavorable affordability conditions continue to weigh on transactions. Existing home sales dipped 0.5% in April, marking the third decline in the last four months. The total pace of resales is down 2.2% year-to-date through April.
- Single-family and condo and co-op resales each moved lower in April. Single-family transactions softened 0.3% to a 3.63 million annualized pace, while condo and co-op sales declined 2.6% to 370K.
- Elevated mortgage rates remain a significant barrier to housing market activity. Mortgage rates dipped slightly in the months preceding this print, moving from over 7% in mid-January to 6.65% in the last week of March according to Freddie Mac. Mortgage rates have since bounced on the back of higher Treasury yields, surpassing 7.0% this week per Mortgage News Daily.
- Slower homebuyer demand is accelerating the rise in resale inventory. The number of single-family homes for sale has expanded 21.2% over the past year, equating to 4.2 months' supply at April's weaker sales pace.
- Although months' supply is not far off from pre-pandemic trends, there is still a pronounced supply gap in level terms. The 1.3 million listings in April was 22% below the number in April 2019.
- Low supply is underpinning ongoing price growth despite the downdraft in transactions. The median existing single-family home price increased 2.6% in April on a not-seasonally-adjusted basis.
- Tepid demand is starting to soften the rate of price appreciation, however. The 1.7% annual increase in resale prices was the slowest increase since July 2023. Price growth was weakest in the South, where single-family prices declined 0.2% over the year.

Median Existing Single-Family Home Price

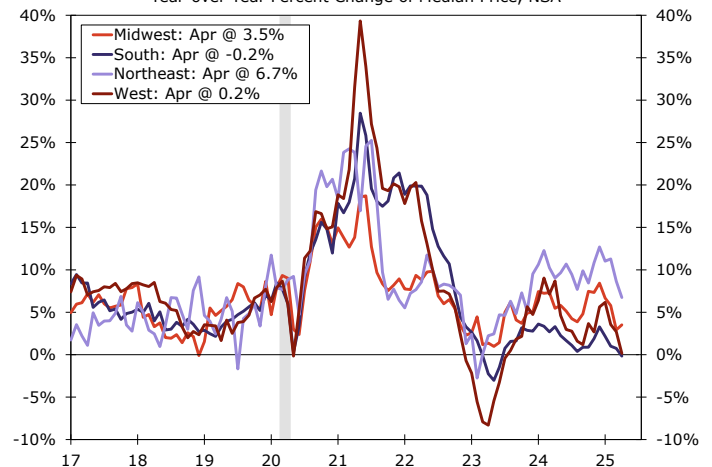
Percent Change, NSA



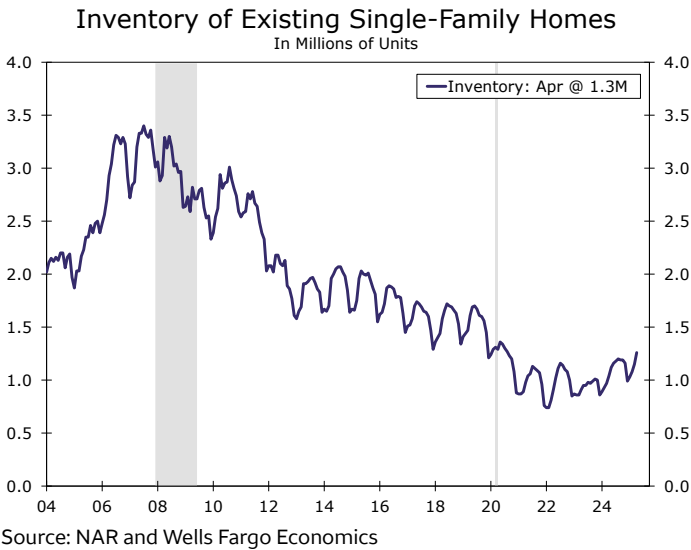
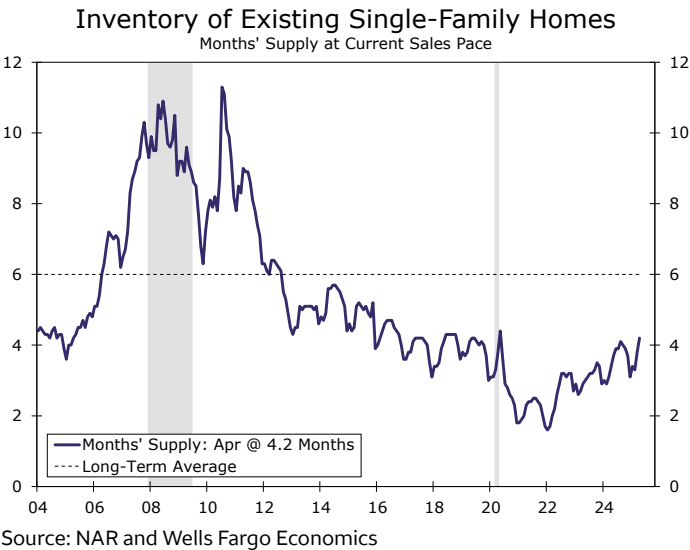
Source: NAR and Wells Fargo Economics

Regional Median Single-Family Home Price

Year-over-Year Percent Change of Median Price, NSA



Source: NAR and Wells Fargo Economics



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