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A Message from Jeffrey Chalmers:

"Ready to \$ell? The market is ramping up."

Existing Home Sales Showing Resilience and Lots of Potential for 2020

If it's January it must mean fewer home sales. That, at least, has been the recent pattern according to National Association of Realtors (NARs). Existing home sales have bounced up and down on a near monthly basis. Strong sales in December, they rose 3.6 percent month-over-month, were expected to result in a slowdown in January and they did.

Sales of single-family homes, townhomes, condominiums, and cooperative apartments were at a seasonally adjusted annual rate of 5.46 million last month, **down 1.3 percent** from the 5.54 million pace in December. However, for the second straight month overall sales substantially increased on an annual basis, up 9.6 percent from the 4.98 million sales in January 2019. Single-family sales dipped 1.2 percent to an annual rate of 4.85 million from 3.91 million but were 9.7 percent above those a year ago. Existing condominium and co-op sales were recorded at a seasonally adjusted annual rate of 610,000 units in January, down 1.6 percent from December but up 8.9 percent on an annual basis. Given 2019's strong finish, analysts had expected sales to pause a bit in January and the consensus of those polled by *Econoday*, 5.450 million, just about nailed it. Forecasts were over a 5.30 to 5.60 million range. Lawrence Yun, NAR's chief economist, finds the **outlook for 2020 home sales promising despite the drop in January**. "Existing-home sales are off to a strong start at 5.46 million." Yun said. "The trend line for housing starts is increasing and showing steady improvement, which should ultimately lead to more home sales."

The median existing-home price for all housing types in January was **\$266,300, up 6.8 percent from January 2019** (\$249,400), as prices increased in every region. December's price increase marks 95 straight months of year-over-year gains. "Mortgage rates have helped with affordability, but it is supply conditions that are driving price growth," Yun said. The median existing single-family home price gained 6.9 percent to \$268,600. Condo prices rose 5.7 percent to a median of \$248,100. **Inventories rose a slight 2.2 percent from December to 1.43 million units**, the lowest for a January since 1999 and a 3.1-month supply at the current rate of sales. The supply was 3.0 months in December. Inventories are still trending smaller; January's is down 10.7 percent from a year earlier when the 1.59 million available homes were

National Average Mortgage Rates



	Rate	Change	Points
Mortgage News Daily			
30 Yr. Fixed	7.20%	+0.01	0.00
15 Yr. Fixed	6.66%	+0.02	0.00
30 Yr. FHA	6.64%	+0.02	0.00
30 Yr. Jumbo	7.41%	0.00	0.00
5/1 ARM	7.33%	+0.03	0.00
Freddie Mac			
30 Yr. Fixed	7.22%	-0.22	0.00
15 Yr. Fixed	6.47%	-0.29	0.00
Mortgage Bankers Assoc.			
30 Yr. Fixed	7.24%	+0.11	0.66
15 Yr. Fixed	6.75%	+0.11	0.64
30 Yr. FHA	7.01%	+0.11	0.94
30 Yr. Jumbo	7.45%	+0.05	0.56
5/1 ARM	6.64%	+0.12	0.87
Rates as of: 5/8			

Recent Housing Data

		Value	Change
Mortgage Apps	Apr 24	196.7	-2.67%
Building Permits	Mar	1.46M	-3.95%
Housing Starts	Mar	1.32M	-13.15%
New Home Sales	Mar	693K	+4.68%
Pending Home Sales	Feb	75.6	+1.75%
Existing Home Sales	Feb	3.97M	-0.75%

estimated at a 3.8-month supply. Properties typically remained on the market for 43 days in January, a seasonal change from 41 days in December, but down from 49 days in January 2019. Forty-two percent of homes sold in January 2020 were on the market for less than a month.

First-time buyers were responsible for 32 percent of sales in January, up 3 percentage points since January 2019, but remaining in a narrow range that has fluctuated only slightly since the recovery. "It is good to see first-time buyers slowly stepping into the market," Yun said. "The rise in the homeownership rate among the younger adults, under 35, and minority households means an increasing number of Americans can build wealth by owning real estate. Still, in order to further expand opportunities, significantly more inventory and home construction are needed at the affordable price points." Individual investors or second-home buyers accounted for 17 percent of sales in January and 21 percent of transactions were all cash. Distressed sales, foreclosures and short sales, continue to have a 2 percent share of the existing home market. "We are hopeful and also confident that home sales will improve this year," said NAR President Vince Malta. "NAR has and will continue to do its part in the industry, reiterating the social and economic benefits of homeownership and advancing conversations surrounding housing affordability concerns."

Significant declines in existing sales in the **West** dragged down nationwide numbers month-over-month but all regions were up on an annual basis. Median home prices increased nationwide from one year ago, with the Northeast showing the strongest price gain. Sales in the **Northeast** saw no change from December's annual rate of 730,000 existing home sales, but an increase of 7.4 percent from a year ago. The median price in the Northeast was \$312,100, up 11.5 percent year-over-year. The **Midwest** was the only region to show a meaningful increase in sales, they rose 2.4 percent from December to an annual rate of 1.29 million. This is 8.4 percent above the sales rate a year earlier. The median price in the Midwest was \$200,000, appreciating 5.4 percent. Existing-home sales in the **South** grew 0.4 percent to an annual rate of 2.38 million and were up 11.7 percent from a year ago. Prices rose 6.3 percent to a median of \$229,900. Sales in the West took a 9.4 percent hit, dropping to an annual rate of 1.06 million in January. This pace was still up 8.2 percent from the previous January. The median price in the region was \$393,800, a 5.2 percent change.

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