

# U.S. Data Review

- Existing home sales: third consecutive decline; probably supply constraints rather than weak demand

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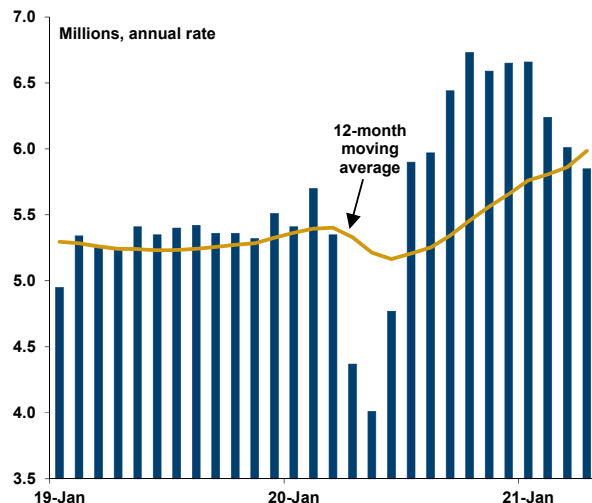
## Existing Home Sales

Sales of existing homes eased 2.7 percent in April, falling shy of the expected increase of 1.0 percent and marking the third consecutive decline. The recent downward shift has been pronounced, but the declines have occurred from elevated levels late last year and early this year, and thus sales remained firm relative to pre-pandemic norms (chart, left). The deceleration in activity has been broad-based geographically, with all four regions of the country easing from strong results around the turn of the year.

The recent softening in activity is probably more the result of tight supply rather than weak demand. With interest rates low and the labor market recovering, potential buyers are actively searching. However, the number of homes for sale is low by historical standards, which is constraining sales. The inventory situation improved in April with a jump of 10.5 percent in the number of homes on the market, firmer than the average of 8.1 percent in the prior 10 years (this series is not seasonally adjusted; thus, month-to-month changes should be viewed against historical norms). The pickup in the number of homes for sale pushed the months' supply higher (2.4 months versus 2.1 in March and the record low of 1.9 in December and January; chart, right). Despite the improvement in April, the inventory situation is tight.

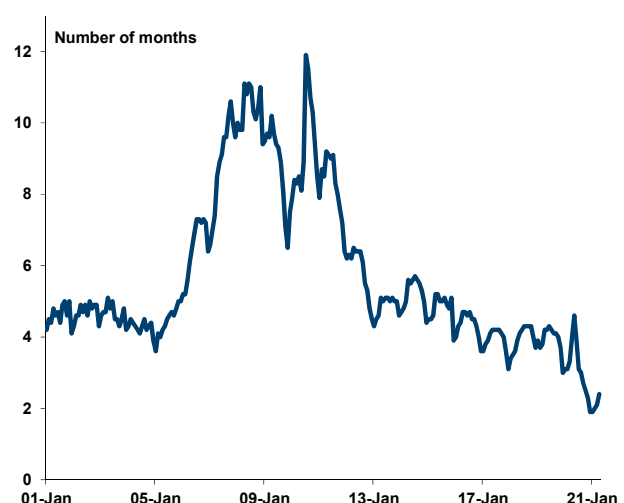
The supply-demand imbalance is pushing prices higher, as the median price surged 4.7 percent in April after a jump of 5.0 percent in March. This series also is not seasonally adjusted, and prices typically jump in the spring. Still, recent changes have been unusually sharp, as shown by year-over-year growth of 19.1 percent. This measure of home prices should be interpreted cautiously because it does not adjust for regional or size variation in sales, but it is suggestive of marked price pressure. Notable increases also are evident in measures of home prices that seek to hold location and size constant.

### Existing Home Sales



Source: National Association of Realtors via Haver Analytics

### Months' Supply of Unsold Homes



Source: National Association of Realtors via Haver Analytics

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