

After Extended Losses, Existing Homes Sales Improve for Second Month

By: Jann Swanson | Wed, Dec 19 2018, 4:40 PM

After a prolonged losing streak - existing home sales hadn't seen an increase since March - the National Association of Realtors® (NAR) announced a **second consecutive uptick in November**. Sales of existing single-family homes, townhomes, condos, and co-op apartments were up 1.9 percent during the month to a seasonally adjusted annual rate of 5.32 million units. October sales were at the rate of 5.220, reflecting a 1.4 percent increase from September.

However, the November increase **did little to help sales catch up with last year**. The gulf between the recent month's sales and those a year earlier widened to 7.0 percent from the 5.72-million-unit pace in November 2017. The year-over-year change in October was -5.1 percent.

The November results were unexpected. Analysts polled by Econoday had forecast sales to slip, coming in between 5.11 to 5.30 million. The consensus was 5.19 million.

Single-family home sales also increased, from 4.62 million units in October to 4.71 million in November but are lagging on a year-over-year basis, down 6.7 percent from the 5.05 million sales in November 2017. Condo sales followed the same pattern, up 1.7 percent in November to 610,000 units but down 9.0 percent on an annual basis.

Lawrence Yun, NAR's chief economist, called the second month of gains a **welcome sign for the market**. "The market conditions in November were mixed, with good signs of stabilizing home sales compared to recent months, though down significantly from one year ago. Rising inventory is clearly taming home price appreciation."

The **median existing-home price** for all housing types in November was \$257,700, up 4.2 percent from November 2017's median of \$247,200 and the 81st consecutive year-over-year increase. The median existing single-family home price was \$260,500, representing 5.0 percent appreciation while the median condo price, \$236,400, is down by 1.3 percent from a year ago.

The **inventory of existing homes** declined from 1.85 million in October to 1.74 million but increased from 1.67 million available homes in November 2017. Given the uptick in sales, the supply of homes in November is estimated at 3.9 months compared to 4.3 months in October. That is an improvement from a year ago when the supply was estimated at 3.5 months.

Yun said, "A marked shift is occurring in the West region, with much lower sales and very soft price growth. It is also the West region where consumers have expressed the weakest sentiment about home buying, largely due to lack of affordable housing inventory."

Properties typically stayed on the market for 42 days in November, up from 36 days in October and 40 days a year ago. Forty-three percent of homes sold in November were on the market for less than a month.

"It is not surprising to see homes remain on the market a little longer," said NAR President John Smaby. "Buyers can often negotiate a more favorable price in those circumstances, especially when paired with a motivated seller and the aid of a Realtor® familiar with their local market."

First-time buyers were responsible for 33 percent of sales in November, up from last month and a year ago (31 percent and 29 percent, respectively). All-cash sales accounted for 21 percent of transactions in November and investors, who account for many of the cash purchases, bought 13 percent of the homes sold. The share of distressed sales was the lowest since NAR began tracking the metric in 2008, 2 percent.

"Inventory is plentiful on the upper-end, but a mismatch between supply and demand exists at affordable price points," Yun added. "Therefore, facilitating real estate development of affordable housing units in designated Opportunity Zones can provide better housing access in addition to boosting the local economy."

Sales improved in three of the four regions, but **none have caught up with sales a year earlier**. The **Northeast** saw sales up 7.2 percent to an annual rate of 740,000, 2.6 percent below a year ago. The median price in the Northeast was \$291,400, an increase of 6.5 percent from last year.

There was an increase of 5.5 percent in sales in the **Midwest**, but the annual rate of 1.34 million is still down 4.3 percent from a year ago. The median price in the Midwest rose 2.6 percent to \$199,100.

Existing-home sales in the **South** grew 2.3 percent to an annual rate of 2.20 million in November and are down 5.6 percent from last year.

The median price in the South was \$223,600, up 3.2 percent from a year ago.

As Yun noted, sales in the **West** have softened considerably, by 6.3 percent from October and 15.4 percent year-over-year to an annual rate of 1.04 million in November. The median price in the West was \$380,600 up 1.8 percent from November 2017.

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