Existing-home sales backtrack in February after January high

After rising to their highest level in almost a decade, existing-home sales slackened in February, with an inventory shortage continuing to constrain the market.

Existing-home sales — completed transactions that include single-family homes, townhomes, condominiums and co-ops — slid 3.7 percent month over month to a seasonally adjusted annual rate of 5.45 million in February, but remained up by 5.4 percent from a year ago.

Realtors have reported stronger foot traffic this year, but a low supply of affordable homes "continues to be the pest that's pushing up price growth and pressuring the budgets of prospective buyers," said NAR Chief Economist Lawrence Yun in a statement.

"Newly listed properties are being snatched up quickly so far this year and leaving behind minimal choices for buyers trying to reach the market," he said.

While a growing share of homeowners say now is a good time to sell, prices will continue to "move hastily" if listings don't increase, he added.

NATIONAL ASSOCIATION OF REALTORS®

Existing Home Sales

Year		U.S.	Northeast	Midwest	South	West	U.S.	Northeast	Midwest	South	West	Inventory*	Mos. Supply
2014		4,940,000	640,000	1,140,000	2,050,000	1,100,000	*	*	*	*	*	1,860,000	5.2
2015		5,250,000	700,000	1,240,000	2,160,000	1,170,000	*	*	*	*	*	1,760,000	4.8
2016		5,450,000	740,000	1,300,000	2,220,000	1,190,000	*	*	*	*	*	1,650,000	4.4
		Seasonally Adjusted Annual Rate					Not Seasonally Adjusted						
2016	Feb	5,200,000	680,000	1,170,000	2,210,000	1,140,000	314,000	40,000	67,000	138,000	69,000	1,870,000	4.3
2016	Mar	5,390,000	730,000	1,270,000	2,230,000	1,160,000	421,000	51,000	96,000	178,000	96,000	1,960,000	4.4
2016	Apr	5,480,000	750,000	1,370,000	2,220,000	1,140,000	470,000	62,000	115,000	189,000	104,000	2,120,000	4.6
2016	May	5,470,000	760,000	1,290,000	2,240,000	1,180,000	525,000	69,000	132,000	210,000	114,000	2,140,000	4.7
2016	Jun	5,480,000	750,000	1,320,000	2,230,000	1,180,000	582,000	77,000	149,000	229,000	127,000	2,110,000	4.6
2016	Jul	5,330,000	660,000	1,270,000	2,200,000	1,200,000	513,000	71,000	131,000	205,000	106,000	2,110,000	4.8
2016	Aug	5,340,000	710,000	1,270,000	2,170,000	1,190,000	539,000	77,000	132,000	215,000	115,000	2,010,000	4.5
2016	Sep	5,470,000	730,000	1,320,000	2,180,000	1,240,000	486,000	66,000	119,000	194,000	107,000	2,030,000	4.5
2016	Oct	5,530,000	740,000	1,330,000	2,200,000	1,260,000	445,000	62,000	107,000	178,000	98,000	2,010,000	4.4
2016	Nov	5,600,000	800,000	1,330,000	2,250,000	1,220,000	418,000	59,000	94,000	171,000	94,000	1,850,000	4.0
2016	Dec	5,510,000	760,000	1,310,000	2,230,000	1,210,000	437,000	60,000	96,000	184,000	97,000	1,650,000	3.6
2017	Jan r	5,690,000	800,000	1,290,000	2,310,000	1,290,000	319,000	42,000	67,000	133,000	77,000	1,680,000	3.5
2017	Feb p	5,480,000	690,000	1,200,000	2,340,000	1,250,000	315,000	38,000	66,000	140,000	71,000	1,750,000	3.8
vs. last month:		**-3.7%**	**-13.8%**	**-7.0%**	**1.3%**	**-3.1%**	**-1.3%**	**-9.5%**	**-1.5%**	**5.3%**	**-7.8%**	**4.2%**	**8.6%**
vs. last year:		**5.4%**	**1.5%**	**2.6%**	**5.9%**	**9.6%**	**0.3%**	**-5.0%**	**-1.5%**	**1.4%**	**2.9%**	**-6.4%**	**-11.6%**
year-to-date:							**0.634**	**0.080**	**0.133**	**0.273**	**0.148**		

Note: Annual inventory figures are from December of each year

Source: NAR

The median existing-home price in February climbed 7.7 percent from a year ago, clocking in at $228,400 and marking the 60th straight month of year-over-year gains.

Housing inventory remains anemic. February's supply would have sold out in 3.8 months at February's sales pace. That's the second lowest level recorded by NAR (behind January of this year) since the trade group began tracking existing-home inventory in 1999.

A six-month's supply is generally considered necessary to support a balanced market. While the number of existing homes for sale climbed 4.2 percent month over month to 1.75 million, it was still 6.4 percent lower than a year ago.

This hasn't helped first-time buyers. They accounted for 32 percent of sales in February, down from 33 percent in January but up from 30 percent a year earlier.

Conditions remain ripe for investors. They continued to account for an above-average level of sales, despite higher prices and a low level of distressed inventory, according to Yun.

"The affordability constraints holding back renters from buying is a signal to many investors that rental demand will remain solid for the foreseeable future," he said.

"Investors are still making up an above average share of the market right now despite steadily rising home prices and few distressed properties on the market, and their financial wherewithal to pay in cash gives them a leg-up on the competition against first-time buyers," he added.

All-cash sales made up 27 percent of transactions in February, up from 23 percent the previous month and 25 percent a year ago. Individual investors purchased 17 percent of homes last month, up from 15 percent in January but down from 18 percent a year ago.

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Source: click here