March existing-home sales spike 4.4% despite inventory woes

Economists have been predicting a “spring revival” since the beginning of the year thanks to hearty buyers who refuse to let low inventory keep them from finding the perfect home.

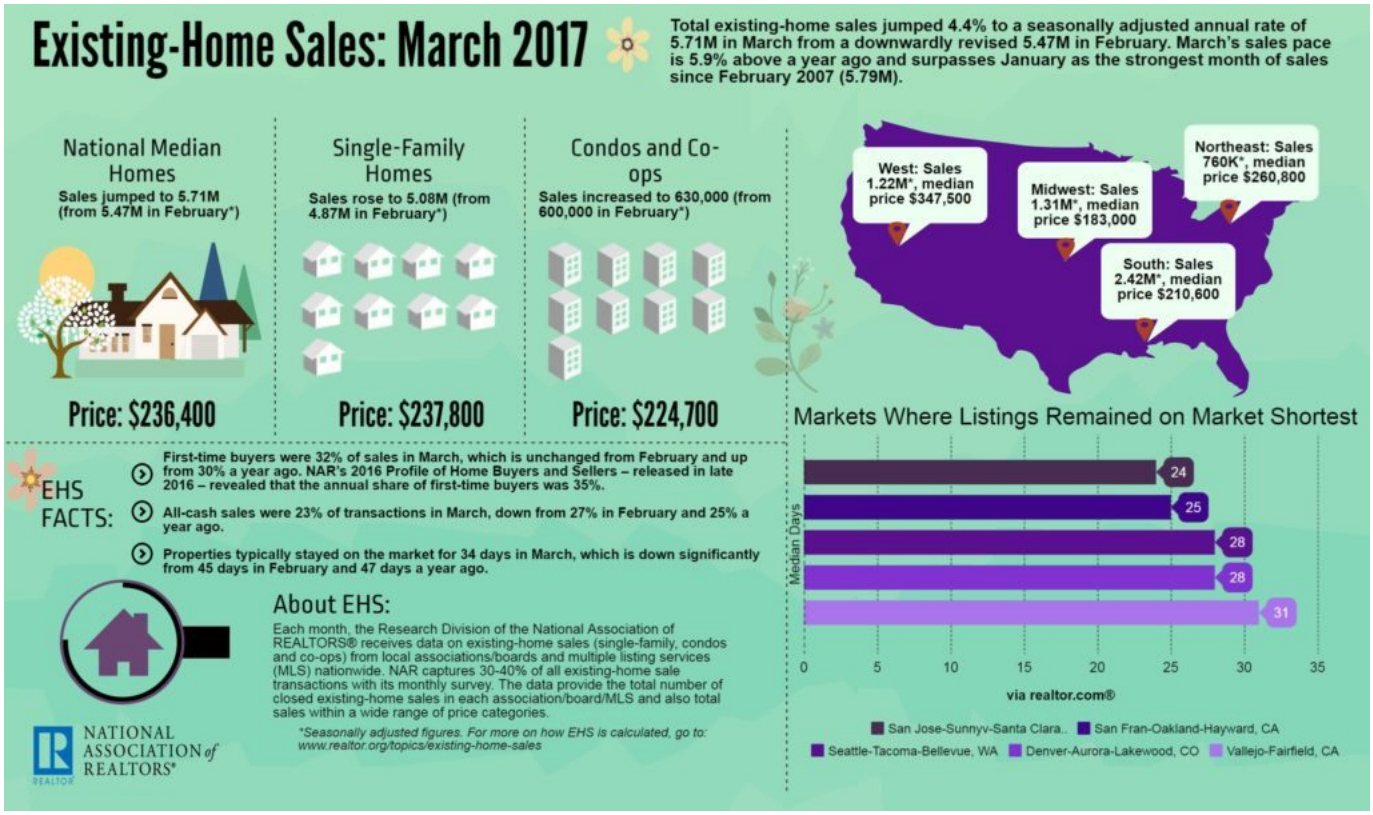
According to a recent realtor.com study, homes are flying off the market at a dizzying pace, selling eight days quicker this spring.

And NAR’s existing-home sales for March further prove the trend is true: The housing market is as robust as ever.

In March, NAR’s existing-home sales spiked 4.4 percent to a seasonally adjusted annual rate (SAAR) of 5.71 million — up from a downwardly revised 5.47 million in February.

This month’s sales pace is 5.9 percentage points above March 2015 and is the fastest SAAR sales pace since February 2007.

The Northeast, South and Midwest experienced strong growth, while the West took a small hit. Distressed sales were at 6 percent, a 1 percentage point decrease from February.



March’s numbers bolstered by ‘consumer confidence’

The median existing-home price for all housing types in March rose 6.8 percentage points to $236,400, which marks the 61st consecutive month of year-over-year gains.

Total housing inventory experienced a boost as well, with a 5.8 percentage point jump to 1.83 million homes for sale — a much-needed jump from the rock bottom levels experienced in the last few months.

Despite the strong numbers, inventory is still 6.6 percentage points below March 2016 and is the 22nd consecutive month of year-over-year declines. Unsold inventory is at an unchanged 3.8-month supply.

NAR Chief Economist Lawrence Yun says the month’s existing-home sales show the resilience among consumers in the face of rising mortgage interest rates and tight inventory.

“The early returns so far this spring buying season look very promising as a rising number of households dipped their toes into the market and were successfully able to close on a home last

month," said NAR Chief Economist Lawrence Yun in a press release.

"Although finding available properties to buy continues to be a strenuous task for many buyers, there was enough of a monthly increase in listings in March for sales to muster a strong gain. Sales will go up as long as inventory does.

"Bolstered by strong consumer confidence and underlying demand, home sales are up convincingly from a year ago nationally and in all four major regions despite the fact that buying a home has gotten more expensive over the past year," he added.

Builder breakdown

Distressed sales, which include foreclosures and short sales, were at 6 percent — 1 percentage point lower than a month ago, and a 2 percentage point drop from January 2016. Five percent of March sales were foreclosures, and 1 percent were short sales.

Single-family home sales were at a SAAR of 5.08 million — a 4.3 percentage point month-over-month increase and a 6.1 percentage point year-over-year increase. The sales price for single-family homes increased by 6.6 percentage points to $237,800.

Existing condominium and co-op sales rose 5 percentage points to a SAAR of 630,000 units, 5 percentage points higher than a year ago. The median existing condo price was $224,700 in January — up 8 percentage points from 2016.

How did buying patterns vary across the country?

- In the Northeast, existing-home sales jumped 10.1 percent to an annual rate of 760,000 million, up 4.1 percent from a year ago.
  Median price: $260,800, a 2.8 percent year-over-year increase.
- In the Midwest, existing-home sales increased 9.2 percent to an annual rate of 1.31 million.
  Median price: $183,000, a 6.2 percent year-over-year increase.
- In the South, existing-home sales rose 3.4 percent to an annual rate of 2.42 million.
  Median price: $201,600, a 8.6 percent year-over-year increase.
- In the West, existing-home sales decreased 1.6 percent to an annual rate of 1.22 million.
  Median price: $347,500, an 8.0 percent year-over-year increase.

Existing-home sales are based on transaction closings from MLSs and include single-family homes, townhomes, condominiums and co-ops.

Seasonally adjusted annual rates are used in reporting monthly data to help accommodate for seasonal variation; the annual rate for any given month represents what the total number of actual sales for a year would be if the pace for that month were maintained for a whole year.

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