

Residential Real Estate Analysis

# Existing home sales continue improving in April

Filip Blazheski

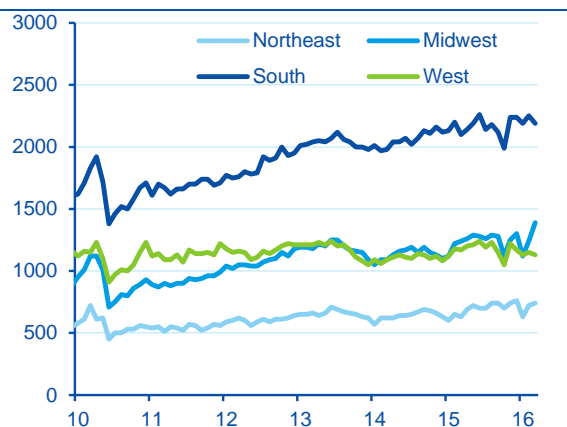
- Existing home sales increased 1.7% MoM in April to 5.45M (SAAR), 6.0% higher YoY
- Unlike in March, condominium/co-op sales increased faster than single-family home sales
- Existing home sales are expected to continue performing well throughout 2016

Existing home sales in April increased to 5.45M SAAR, up 1.7% MoM and 6.0% YoY, according to the National Association of Realtors (NAR). The April showing was above consensus expectations, which stood at 5.40M. Very low mortgage rates together with the continued inventory gains starting in February have been supporting the solid gains in home sales. Sales increased 2.8% MoM in the Northeast and 12.1% in the Midwest, but declined 2.7% in the South and 1.7% in the West, erasing the gains made in these two regions in March (Chart 1). On a YoY basis, existing home sales are higher in all regions except the West. The slow growth of sales in the West likely reflects reservation among buyers due to elevated prices and tight inventories, which especially hurts younger buyers.

Condominium and co-op sales gained more than single family home sales on an MoM basis (10.3% vs. 0.6%), but this has not made up completely for their lag behind single-family home sales on a YoY basis (4.9% increase vs. 6.2%) (Chart 2). The median existing single-family home price was \$233,700 in April, up 6.2 % YoY, while the median existing condo price was \$223,300, up 6.8%. The strong performance of condominium sales and prices in April runs contrary to their weaker performance against single-family homes since mid-2014, but it remains to be seen if this turns into a trend or it will remain a one-off occurrence.

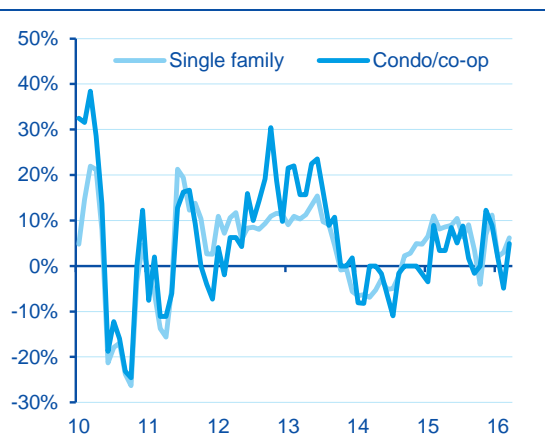
Despite the increase in sales, the months' supply in April increased from 4.4 to 4.7, reflecting an increase in listings, which, if it continues, should boost sales and moderate price increases going forward. However, despite the increase in April, months' supply of existing homes is lower than at the same time last year, when it stood at 5.2. We anticipate existing home sales to average around 5.45M in 2016, 3.7% higher than in 2015.

Chart 1  
Existing home sales  
Thousands



Source: Census Bureau & BBVA Research

Chart 2  
Single-family and condo/co-op sales  
% YoY



Source: Census Bureau & BBVA Research

**DISCLAIMER**

This document was prepared by Banco Bilbao Vizcaya Argentaria's (BBVA) BBVA Research U.S. on behalf of itself and its affiliated companies (each BBVA Group Company) for distribution in the United States and the rest of the world and is provided for information purposes only. Within the US, BBVA operates primarily through its subsidiary Compass Bank. The information, opinions, estimates and forecasts contained herein refer to the specific date and are subject to changes without notice due to market fluctuations. The information, opinions, estimates and forecasts contained in this document have been gathered or obtained from public sources, believed to be correct by the Company concerning their accuracy, completeness, and/or correctness. This document is not an offer to sell or a solicitation to acquire or dispose of an interest in securities.