

Existing Home Sales Jumped 9.5% in February, But Were Still Down From Last Year

- Existing home sales jumped 9.5% in February 2024 from January, but were down over the year.
- Existing home sales were up over the month in all regions except the Northeast.
- Historically tight inventories remain a constraint on existing home sales.
- The median sales price was up from last year, at a faster pace compared to January.
- Falling mortgage rates and rising homebuilder confidence will support home sales later this year.

Total existing home sales jumped 9.5% to 4.38 million in February 2024 at a seasonally-adjusted annualized rate, from 4.00 million in January 2024 (revised downward from 3.88 million), according to the National Association of Realtors (NAR). Total existing home sales were down 3.3% in February on a year-over-year basis.

Existing single-family home sales rose 10.3% on the month and were down 2.7% year-over-year. Sales of condos and co-ops were flat in February from January, and were down 8.9% from February last year.

Sales were flat in the Northeast for a third consecutive month in February, and were down 8% from the past year. Total existing home sales rose on the month in the South (up 9.8%), the Midwest (up 8.4%) and the West (up 16.4%). On a year-over-year basis, existing home sales were still down in all four regions, with the smallest decline in the West (down 1.2%).

Existing single-family home sales rose faster in February than the inventory of homes for sale (up 5.9%). Months of supply on the market at the existing sales pace fell to 2.9 months in February from 3.0 months in January for existing single family homes, and is down from 3.6 months in October. Still, the inventory position is better than it was in February 2023, when there was a miniscule 2.3 months of supply on the market.

Low resale inventories continued to exert upward price pressures. The median sale price for an existing home was \$384,500 in February (not seasonally adjusted), up 5.7% from a year earlier. The median single-family home price was up 5.6% in February from a year earlier, with the median condo/co-op price up 6.7%.

PNC expects existing home sales to continue to drop compared to last year in early 2024. Historically low housing affordability, very low inventories, and a cooling labor market will all weigh on existing home sales in the near term. PNC expects a gradual decline in mortgage rates in 2024 that will lead to somewhat improved affordability and housing demand; lower rates and rising sentiment among homebuilders will lead to an improvement in inventories, supporting an increase in total home sales later in 2024.

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