

Existing Home Sales Continued To Drop in December 2023, To Lowest Level Since 2010

- Existing-home sales dropped 1% in December from November and were down 6% from a year earlier.
- Sales have dropped in all four regions over the past year.
- The median sale price of an existing home fell on the month.
- Existing home sales will be soft in 2024, but should pick up later in the year.

Total existing home sales dropped 1.05% in December to 3.78 million at a seasonally-adjusted annualized rate, from 3.82 million in November, according to the National Association of Realtors (NAR). The consensus expectation was for a small increase in existing home sales. Both single-family and condo and co-op sales declined on the month. Over the past year single-family and condo and co-op sales have declined 6.1% and 7.3%, respectively. December sales were the lowest since 2010, at the depth of the housing downturn.

Regionally, sales rose in the Northeast and West over the month, while they fell in the South and Midwest. However, sales were down in all four regions on a year-over-year basis. The Midwest led the year-over-year decline, down 10.9%, while sales fell least in the West, down 1.4%. Total existing home sales rose 7.8% in the West in December from November.

The median sales price of all existing homes dropped by 1.3% in December to \$382,600 (not seasonally adjusted), marking the sixth consecutive monthly price decline. Nevertheless, the median sale price was still up 4.4% from one year earlier, and year-over-year price growth has accelerated over the past few months. There was 3.2 months of supply of homes for sale in December at the current sales pace, the tightest inventories since June. A lack of supply is contributing to price gains, despite elevated mortgage rates and very low housing affordability.

Low housing affordability and very lean inventories of homes for sale will continue to weigh on existing home sales in early 2024. Lower mortgage rates recently and a recovery in single-family homebuilding will contribute to better affordability later this year, leading to a rebound in existing home sales toward the end of 2024.

PNC Economics

economics@pnc.com

Visit pnc.com/economicreports for more information from PNC Economics.