



## May Marked Fourth Month of Decline for Existing Home Sales

Existing home sales experienced their **fourth consecutive decline in May**. The National Association of Realtors® (NAR) said sales of previously owned single-family homes, townhouses, condos, and cooperative apartments were at a seasonally adjusted annual rate of 5.80 million, down 0.9 percent compared to April's rate of 5.85 million. The four months of decreasing sales have lowered the annual rate from 6.66 million units in January, a 13 percentage point change. Existing home sales are still 44.6 percent above the 4.01 million pace in May of last year.

Single-family home sales dipped 1.0 percent to a seasonally-adjusted annual rate of 5.08 million from 5.13 million in April, up 39.2 percent from one year ago. Existing condominiums and co-ops sold at an annual rate of 720,000 units in May, unchanged from April but double what they were one year earlier.

"Home sales fell moderately in May and are now approaching pre-pandemic activity," said Lawrence Yun, NAR's chief economist. "Lack of inventory continues to be the overwhelming factor holding back home sales, but falling affordability is simply squeezing some first-time buyers out of the market."

Yun, however, feels the market outlook is encouraging. "Supply is expected to improve, which will give buyers more options and help tamp down record-high asking prices for existing homes," he said.

The May sales came in close to the level anticipated by analysts. Those polled by Econoday had forecasts that ranged from 5.60 million to 6.00 million with a consensus of 5.715 million.

The median existing-home price for all housing types in May was \$350,300, **up 23.6 percent from May 2020** (\$283,500). This is a record high and marks 111 straight months of year-over-year gains which began in March 2012. The median existing single-family home price was \$356,600, a 24.4 percent annual gain while condo prices increased 21.5 percent to a median of \$306,000.

Housing inventory gained ground during the month. At the end of May there were 1.23 million homes available, up 7.0 percent from April's supply. One year ago, there were 20.6 percent more homes for sale, a total of 1.55 million units. The current inventory represents a 2.5-month supply at the present sales pace, marginally up from April's 2.4-month supply but down from 4.6-months in May 2020.

Properties typically remained on the market for 17 days in May, unchanged from April and down from 26 days in May 2020. Eighty-nine percent of the homes sold during the month were on the market for less than a month.

First-time buyers were responsible for 31 percent of sales in May, unchanged from the prior month but 3 points fewer than in May 2020. Individual investors or second-home buyers purchased 17 percent of homes in May and all cash sales accounted for 23 percent of existing home sales transactions. Distressed sales had less than a 1 percent share.

A study released by NAR last week found that from January to April 2021, the share of existing homes sales accounted for by vacation home purchases was 6.7 percent. **Those sales jumped 57.2 percent year-over-year** compared to the 20 percent growth in existing-home sales over all.



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"The appeal of vacation homes has certainly grown during the pandemic, especially among employees permitted to work from home," Yun said. "As businesses decide new guidelines for remote workers, even allowing permanent remote options in some cases, look for vacation homes to remain a popular option."

NAR President Charlie Oppler said, "NAR continues its advocacy efforts to find new, creative and effective ways to increase housing construction and supply. The right policies will provide huge benefits to our nation's economy, and our work to close this gap will be particularly impactful for lower-income households, households of color and first-time buyers."

For the second straight month, the **Midwest was the only region where sales increased**. The 1.6 percent growth in the region took sales to an annual rate of 1,310,000. This was up 27.2 percent from a year ago. The median price in the region was \$268,500, marking 18.1 percent annual growth.

Existing-home sales in the **Northeast** decreased 1.4 percent in May, but the annual rate of 720,000 units is a 46.9 percent jump from a year ago. Prices rose 17.1 percent to a media of \$384,300.

The **South** saw sales down 0.4 percent for the month while remaining 47.2 percent higher year-over-year at a rate of 2,590,000 units. The median price jumped 22.6 percent to \$299,400.

Existing-home sales in the **West** fell 4.1 percent to a rate of 1,180,000, 61.6 percent higher than in May 2020. Prices climbed 24.3 percent to a median of \$505,600.