

Existing Home Sales Fell in March While Prices Rose; Modest Improvement Expected in 2024

- Existing home sales fell in March, both month-over-month and year-over year.
- Both existing single-family and multifamily home sales dropped on the month.
- The inventory of homes for sale rose in March.
- Growth in the median sale price slowed somewhat in March from February.
- Existing home sales will pick up slightly in 2024.

Total existing home sales dropped 4.3% in March to 4.19 million at a seasonally-adjusted annualized rate, from 4.38 million in February, according to the National Association of Realtors (NAR). Existing home sales dropped in the West, South, and Midwest in March, but rose in the Northeast. Over the past year total existing home sales were down 3.7% in March.

Both existing single-family and multifamily home sales dropped on the month. Existing single family home sales dropped 4.3% in March to 3.80 million after rising 10.3% in February. Sales of condos and co-ops dropped 4.9% to 0.39 million, the lowest level since May 2020. On a year-over-year basis existing single family home sales were down 2.8%, while existing condo and coop sales declined 11.4%.

The seasonally-adjusted supply of existing homes for sale increased to 3.2 months at the current sales pace in March, from 2.9 months in February. Existing single-family home sales dropped while the number of homes for sale rose 4.7% on the month. Demand for existing home sales eased somewhat with an increase in the 30-year fixed mortgage rates in recent months, although mortgage rates are down from a peak of almost 8% in the fall of 2023.

The median sale price of a single-family home was up 4.8% in March from a year earlier. This was a slowing from the 5.6% pace in February. With tight supplies house prices continue to increase despite very low affordability. Price growth was almost 10% in the Northeast, with the smallest increases in the South, at around 3%.

An increase in mortgage rates in March weighted on the housing market. Homebuilder confidence in March was flat, while new housing construction permits and starts dropped on the month. Existing home sales also experienced losses regardless of home types. Tight supplies, elevated mortgage rates, and low affordability are weighing on existing home sales in early 2024.

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Mortgage rates should move lower this year as inflation slows and the Federal Reserve starts to reduce the fed funds rate. Existing home sales should increase modestly this year with lower rates and gradually improving inventories. Sales should surpass their 2023 levels, but lag 2022.

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