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REAL ESTATE

## U.S. home sales rose in February



A for-sale sign outside a home Feb. 9 in Chicago. ERIN HOOLEY — THE ASSOCIATED PRESS

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**THE ASSOCIATED PRESS**

Sales of previously occupied U.S. homes picked up in February from the previous month as home shoppers took advantage of easing mortgage rates and a modest increase in properties on the market heading into the spring homebuying season.

Existing home sales rose 1.7% last month from January to a seasonally adjusted annual rate of 4.09 million units, the National Association of Realtors said Tuesday.

Sales fell 1.4% compared with February last year, with every region except the South posting lower sales versus a year earlier. The latest sales figure topped the 3.84 million pace economists were expecting, according to FactSet.

“Good momentum, but nonetheless sales are still below one year ago,” Lawrence Yun, NAR’s chief economist, said during a conference call.

Home prices continued to rise last month, albeit more slowly. The national median sales price increased 0.3% in February from a year earlier to \$398,000, an all-time high for any February on data going back to 1999, NAR said. Home prices have risen on an annual basis for 32 months in a row. The latest sales trends follow a dismal January, when existing home sales posted their biggest monthly decline in nearly four years and the slowest annualized sales pace in more than two years, although NAR has since revised January's sales data modestly higher.

The U.S. housing market has been in a slump dating back to 2022, when mortgage rates began to climb from pandemic-era lows. Sales of previously occupied U.S. homes remained stuck last year at 30-year lows.

Sales have been hovering close to a 4-million annual pace now going back to 2023. That's well short of the 5.2-million annual pace that's historically been the norm.

A sharp run-up in home prices, especially in the early years of this decade, and a chronic shortage of homes nationally worsened by years of below-average home construction have left many aspiring homeowners priced out of the market.

At the same time, mortgage rates have been trending lower, boosting the purchasing power for home shoppers who can afford to buy at current rates.

The average rate on a 30-year mortgage dropped two weeks ago to just under 6% for the first time since late 2022, according to mortgage buyer Freddie Mac.

First-time buyers were among those who took advantage last month of easing mortgage rates. They made up 34% of all home purchases in February, matching the highest level in the last five years, Yun said.

However, the 10-year Treasury yield, which lenders use to price home loans, has climbed following the spike in oil prices since the Iran war started, which could lead to higher mortgage rates just as the spring homebuying season gets going.

"Despite mortgage rates falling below 6% briefly, international conflict has sent them higher in recent days," Lisa Sturtevant, chief economist at Bright MLS, said in an email. "If the conflict with Iran is limited, the housing market could rebound quickly. However, a prolonged conflict could stall home sales activity this spring."

Affordability remains a challenge for many aspiring homeowners, especially first-time buyers who don't have equity from an existing home to put toward a new home purchase. Uncertainty over the economy and a job market increasingly showing signs of strain is also keeping many would-be buyers on the sidelines, economists say.

Those who can afford to buy are benefiting from more properties on the market, although home inventory levels remain well below historical norms.

There were 1.29 million unsold homes at the end of February, up 2.4% from January and up 4.9% from February last year, NAR said. That's still well short of the roughly 2 million homes for sale that was typical before the COVID-19 pandemic.

February's month-end inventory translates to a 3.8-month supply at the current sales pace. Traditionally, a five- to six-month supply is considered a balanced market between buyers and sellers.

"We really do need more inventory to show up," Yun said, noting that if it doesn't improve come spring, and more buyers jump into the market, it could push up home prices.