

U.S. Housing Flash

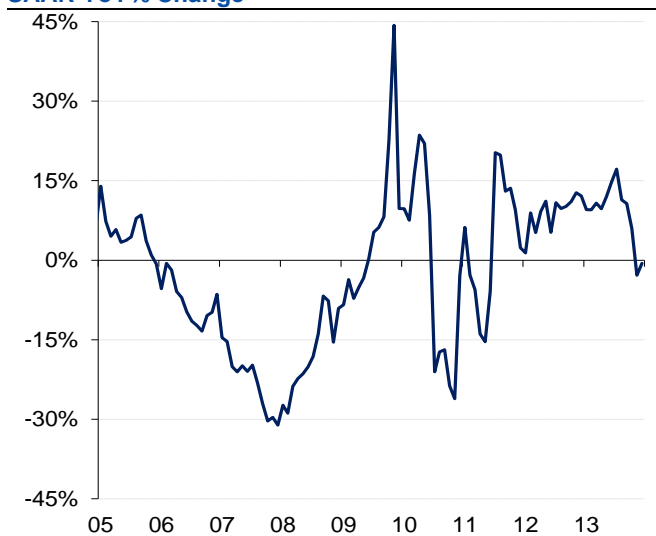
Existing Home Sales Finally on the Rise Again in December

- Existing home sales rose 1.0% in December following three straight months of decline
- The median sales price for existing homes accelerated to 9.9% on a YoY basis
- Housing affordability inching upwards as mortgage rates stabilize

Existing home sales increased 1.0% MoM in December, breaking the three-month skid of consecutive decreases in sales and bouncing back from a 14-month low in November to finish on a positive note. On a YoY basis, existing home sales declined 0.6%, the second straight month in which it saw a YoY decline after nearly two years of increases. The decline could be attributed to stricter guidelines for loans which tighten credit as well as rising mortgage rates compared to last year, with the 30-year fixed-mortgage at 4.46% in December versus 3.35% at the end of 2012. In terms of region, the South and the West both recovered on a MoM basis from prior declines, while the Northeast and Midwest continued on a four-month downward trend.

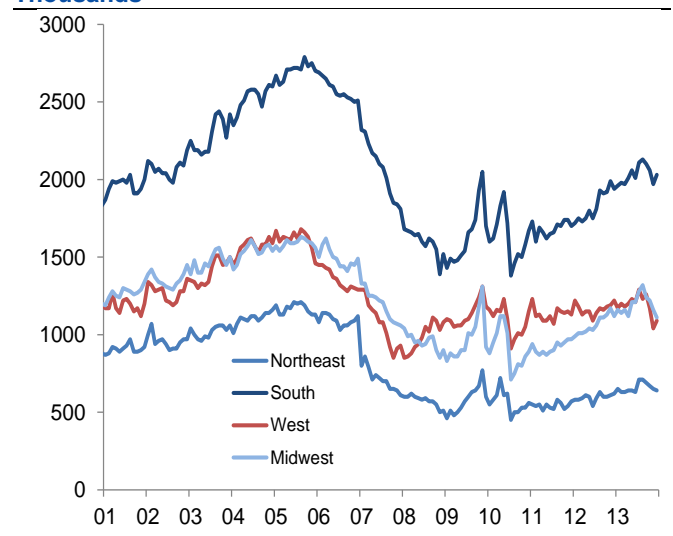
Moving on to sales prices, December continued the trend of appreciating home value for all of 2013. On a YoY basis, the median sales price for existing homes increased 9.9%, a sign that homes are continuing to gain value which is encouraging for the housing market and homeowners. Even with rising prices, mortgage rate increases have stabilized and have helped boost affordability in recent months. Looking ahead to 2014, we still expect the pace of existing home sales to rise, backed by increased demand for homes and added jobs. Still, there are hurdles the housing market may need to overcome; now that the Fed has announced tapering, we expect interest rates to steadily rise, which would tamper demand for homes. Overall, the last existing home sales report of the year showed that growth was robust and is a positive sign for the housing recovery.

Graph 1
Existing Home Sales
SAAR YoY% Change



Source: US Census Bureau & BBVA Research

Graph 2
Existing Home Sales by Region
Thousands



Source: Bureau of Economic Analysis & BBVA Research

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