

U.S. Data Review

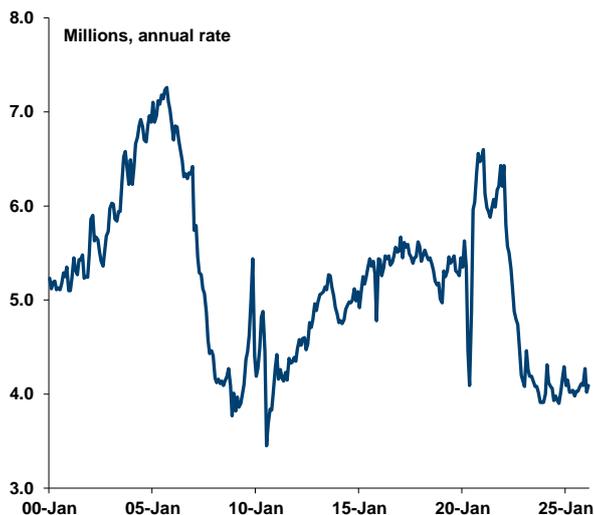
- Existing home sales: activity increases on the back of improved affordability

Lawrence Werther
 lawrence.werther@us.daiwacm.com
 +1-212-612-6393
Brendan Stuart
 brendan.stuart@us.daiwacm.com
 +1-212-612-6172

Existing Home Sales

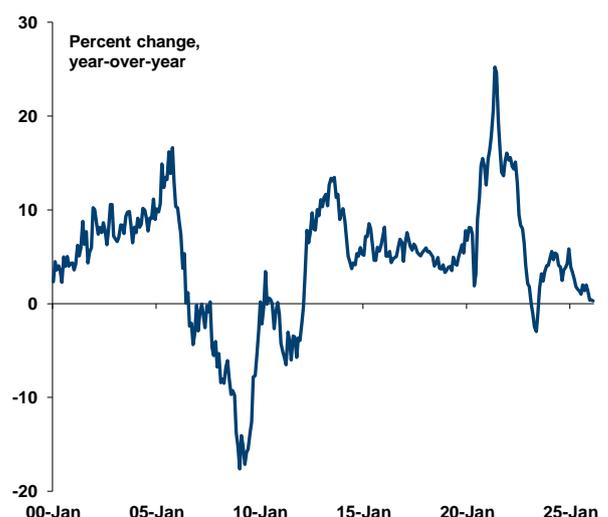
- Sales of existing homes surprised to the upside in February, rising 1.7 percent to 4.09 million units, annual rate – firmer than the median expectation of a decrease to 3.88 million from the Bloomberg economist survey (-1.4 percent year-over-year; chart, below left). Factoring into the latest improvement, the Housing Affordability Index (a separate metric also published by the National Association of Realtors) posted its eighth straight month of improvement in February, with NAR Chief Economist Lawrence Yun noting: “Housing affordability is improving, and consumers are responding... Still, there is a long way to go to return to pre-pandemic levels of transaction activity.” On the point, despite the latest increase, the pace of sales is still mired in the low end of the longer-term range.
- The improvement in sales (although modest) was broadly based, with three of four major geographical regions rising on a month-to-month basis. Activity in the West led the way with an increase of 8.2 percent to 0.790 million units, annual rate (-1.3 percent year-over-year). Concurrently, sales in the South and Midwest advanced 1.6 and 1.1 percent, respectively, to 1.890 and 0.940 million (+0.5 and -4.1 percent year-over-year). Conversely, transactions in the Northeast fell 6.0 percent to 0.470 million (-4.1 percent year-over-year). Sales in all four regions remain in the low end of their respective historical ranges.
- Following three consecutive months of declines, the median sales price for existing homes rose 0.8 percent to \$398,000. On a year-over-year basis, prices increased 0.3 percent (versus +0.4 percent in January and notably off the +3.4 percent read in the same month last year). In context, annual growth over the past few years has slowed appreciably from the prior post-pandemic surge and is now below what was observed in the period immediately preceding COVID (chart, below right).

Existing Homes Sales



Source: National Association of Realtors via Haver Analytics

Median Sales Price of Existing Homes

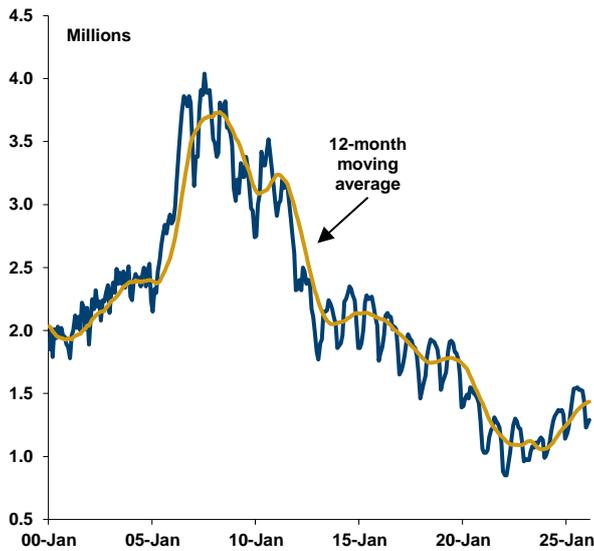


Source: National Association of Realtors via Haver Analytics

This report is issued by Daiwa Securities Group Inc. through its relevant group companies. Daiwa Securities Group Inc. is the global brand name of Daiwa Securities Co. Ltd., Tokyo (“Daiwa Securities”) and its subsidiaries worldwide that are authorized to do business within their respective jurisdictions. These include: Daiwa Capital Markets Hong Kong Ltd. (Hong Kong), regulated by the Hong Kong Securities and Futures Commission, Daiwa Capital Markets Europe Limited (London), regulated by the Financial Conduct Authority and a member of the London Stock Exchange, and Daiwa Capital Markets America Inc. (New York), a U.S. brokerdealer registered with the U.S. Securities and Exchange Commission, a futures commission merchant regulated by the U.S. Commodity Futures Trading Commission, and a primary dealer in U.S. government securities. The data contained in this report were taken from statistical services, reports in our possession, and from other sources believed to be reliable. The opinions and estimates expressed are our own, and we make no representation or guarantee either as to accuracy, completeness or as to the existence of other facts or interpretations that might be significant.

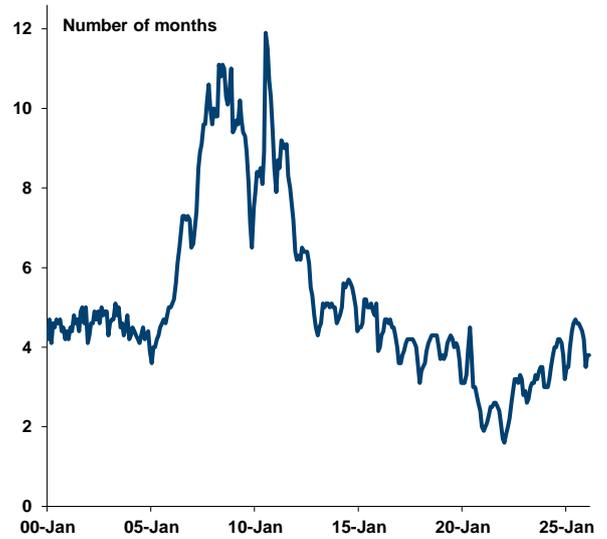
- The inventory of unsold homes increased 2.4 percent to 1.290 million units (not seasonally adjusted) in February, a move which still leaves this series in the low end of the long-term range though up somewhat from the same month last year (+4.9 percent year-over-year). Resultantly, the latest shift translated to a months' supply of 3.8 months – unchanged from the prior month but up 0.3 month from the February 2025 observation (charts, below). Broadly speaking, housing supply has improved from depressed levels, helping to mitigate affordability issues in the residential real estate market, though inventories are still relatively tight – a potential cause for pause. “If demand picks up notably in the coming months and outpaces supply growth, home prices will inevitably rise. That is why increasing supply is so important to help limit home price growth, improve housing affordability, and boost transactions,” said Yun.

Inventory of Unsold Existing Homes*



* Not seasonally adjusted
Source: National Association of Realtors via Haver Analytics

Months' Supply of Unsold Existing Homes



Source: National Association of Realtors via Haver Analytics