

U.S. Existing-Home Sales Declined in March

Sales fell 4.9% as the housing market heads into the crucial spring selling season

By [Laura Kusisto](#) Updated April 22, 2019 1:04 p.m. ET

WASHINGTON—Sales of previously owned U.S. homes sputtered in March, failing to build off strong gains in February, despite lower mortgage rates and a strong job market.

U.S. existing-home sales fell 4.9% in March from the previous month to a seasonally adjusted annual rate of 5.21 million, the National Association of Realtors [said Monday](#). Sales were down 5.4% from a year ago, marking 13 straight months of annual declines.

Home sales in February experienced their second-strongest monthly gain ever, offering the possibility that the market was finally rebounding. But March's numbers were a setback as the housing market headed into the crucial spring selling season, and they offered fresh evidence that home sales are still struggling to break out of a period of decline.

“We are still slowing down,” said Cheryl Young, a senior economist at real-estate website Trulia. “It’s going to be a much more moderate spring than it was last year.”

The housing market has been beset by a host of challenges over the past year. Home prices have risen faster than wages and inflation for years, making it difficult for many first-time buyers to afford homes. A rise in mortgage rates and a shortage of inventory, especially at the low end created additional challenges for buyers.

All those trends have moderated or reversed in recent months, raising hopes that buyers would return to the market. The median sale price for an existing home in March was \$259,400, up 3.8% from a year earlier, about half the pace of price growth a year ago.

There was a 3.9-month supply of homes on the market at the end of March based on the current sales pace, up from the 3.6-month pace in March last year.

The average rate for a 30-year mortgage, which neared 5% in the fall, fell to 4.17% last week, according to [Freddie Mac](#).

Since existing home sales reflect contracts signed in the prior couple of months, some analysts suggested that March data may not fully reflect those recent positive trends.

“The impact of lower mortgage rates has not yet been fully realized,” said Lawrence Yun, the Realtor’s chief economist.

Real-estate agents have been optimistic that the market is on the rise in 2019, reporting busier open houses and more optimistic buyers. But thus far there is little sign of a bounce back in home sales like the market experienced after the taper tantrum in 2013, when rates rose sharply and then receded and home sales quickly recovered.

“I’m getting increasingly less certain that we’ll see the same kind of rebound that we saw from the taper tantrum,” said Doug Duncan, chief economist at Fannie Mae.

Housing starts fell 0.3% in March from the prior month, the Commerce Department said Friday.

13th Week Supplemental materials

Residential building permits, which can signal how much construction is in the pipeline, dropped 1.7% from February.

Purchases of previously owned homes account for the bulk of U.S. homebuying. The Commerce Department releases March new-home sales data on Tuesday.

Mr. Duncan said there is a mismatch between supply and demand that is likely to drive a prolonged slowdown in sales. Demand is strong from millennials looking to buy homes but the increase in supply has primarily been at the higher end.

“There simply isn’t supply at the entry level where people actually want to buy,” he said.

The decline in sales has been broad-based, spanning all four regions of the country, according to the Realtors. [News Corp](#) , owner of The Wall Street Journal, also operates Realtor.com under license from the National Association of Realtors.

Data released Monday from real-estate brokerage Redfin showed the sharpest declines in sales were in the West. Sales declined 21% in Salt Lake City in March and by about 19% in Los Angeles and Las Vegas.

“The prices got so high that even with the decline in mortgage rates they are still unaffordable,” said Daryl Fairweather, Redfin’s chief economist.