Rising Mortgage Rates Crimp Home Sales

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Freddie Mac reported yesterday that the average rate on a 30-year fixed-rate mortgage rose above 7.00% for the first time since early December. The 22 basis point increase from 6.88% to 7.10% was the largest weekly gain in 10 months. Since the year began, the 30-year lending rate has risen by over half a percentage point. Although the current rate is still 70 bps below the October peak, the rise seems to be impacting the rate sensitive housing market.

Yesterday, the National Association of Realtors (NAR) reported existing home sales (which make up roughly 85% of all sales) fell -4.3% in March to a seasonally-adjusted annual rate of 4.19 million units, slightly below forecast. For the year, sales of previously-owned homes are down -3.7%. Slightly weaker sales nudged the number of available homes fractionally higher, although at a 3.2-month supply inventories of existing homes continue to be well below the five-month supply considered healthy.

Because supply is so tight, prices continue to rise *despite lower sales*. The median price for an existing home rose +4.9% year-over-year to $393,500, *the highest for any March on record.*

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