

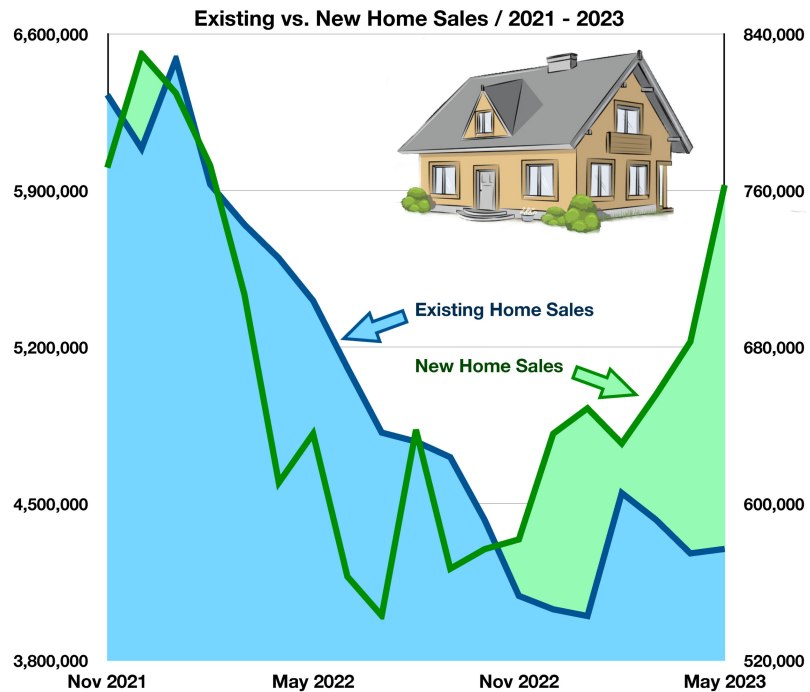
## New Home Sales Grow as Existing Home Sales Drop - Housing Market Update

With hiking mortgage rates and historically high home prices, home sales have seen tumultuous recent months as the supply and demand for houses fluctuate. Recent data show that pending home sales are declining, as are existing home sales.

This trend reflects the lack of homeowners who wish to sell their homes, primarily due to not taking on a new mortgage at a higher rate. Many homeowners currently pay mortgages with rates between 2% and 4% due to low mortgage rates between 2019 and 2022. The 30-year fixed mortgage rate did not surpass 4% for 33 months during this period. Mortgage rates surpassed 7% in October 2022 and are currently at 6.8% for a 30-year fixed-conforming loan, scaring away many potential homebuyers who already own a property.

In March alone, pending home sales dropped 5.2%, their largest decrease last September. These trends can be seen in existing home sales, which have dropped by over 2 million monthly sales since January 2022.

With fewer existing homes up for sale, many potential homebuyers are instead looking into new homes. This can be seen in new home sales, which increased by 40% since June 2022, reaching a 14-month high. While sales across the board are still down from the heights of the pandemic, existing homes are seeing stagnant sales and new homes are rising in popularity.



Sources: Federal Reserve Bank of St. Louis, U.S. Census Bureau, National Association of Realtors, Bloomberg

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