

Monthly Economic Update

June 2023



Number of PA Homes Listed for Sale Declined 23.3% in May

This update uses recent housing market data to assess the performance of the peak housing market season, which typically runs from March to July. Since January 2022, mortgage rates have nearly doubled, and analysts are evaluating how long higher rates will impact home sales and prices. This update tracks five housing metrics for Pennsylvania:

- **Number of Homes Listed** Number of homes listed for sale during the month by the National Association of Realtors (NAR). In May, roughly 36,000 homes were listed for sale, 23.3% lower than the prior year. (See table below.)
- **Number of Homes Sold** Monthly number of homes sold. In May, approximately 11,000 homes were sold, a 17.3% decline from the prior year.
- **Median Sales Price** Median sales price of homes sold. The statewide median sales price was \$220,000 in May, a 4.3% increase from the prior year.
- **Median Days on Market** Median number of days between when a home is listed and when it goes under contract. This metric reflects the degree of competition in the market. A lower number suggests a more competitive market. For May, the median days on market was 26 days, similar to the prior year.
- **U.S. Average 30-Year Fixed Rate** Mortgage rates determine the cost to finance a home purchase. The May average rate was 6.43% for the U.S., 1.2 percentage points (ppt) higher than the prior year. The latest rate published by Freddie Mac is 6.67% for the week ending June 23.

The monthly data for the peak housing market season continue to show signs of weakness compared to the prior year. Mortgage rates remain elevated through May and increased further in June. Many homeowners are reluctant to sell at current mortgage rates because they are locked into much lower rates, which impacts available inventory. Although listings increased from April, the number of total listings (-23.3%) and newly listed homes (-21.1%, not shown) declined relative to the prior year. Higher mortgage rates and home prices increase the monthly payment on a home with a \$220,000 mortgage by \$225 per month (+19.3%) and \$2,700 per year compared to last year.

Pennsylvania Housing Market Indicators

	NAR Listings	Homes Sold	Sales Price	Days on Market	U.S. Avg. 30-Yr Rate
<u>2022</u>					
March	41,421	11,803	\$197,000	34	4.2%
April	44,087	12,116	\$205,000	28	5.0%
May	47,149	13,269	\$211,000	25	5.2%
<u>2023</u>					
March	33,215	9,744	\$201,000	38	6.5%
April	35,458	9,087	\$210,000	29	6.3%
May	36,146	10,967	\$220,000	26	6.4%
<u>YOY Growth/Change</u>					
March	-19.8%	-17.4%	2.0%	4	+2.4 ppt
April	-19.6%	-25.0%	2.4%	1	+1.4 ppt
May	-23.3%	-17.3%	4.3%	1	+1.2 ppt

Note: May 2023 data are preliminary. Sales Price and Days on Market are medians. Data exclude sales by owners.

Source: Pennsylvania Association of Realtors, Redfin and Freddie Mac.

Pennsylvania Economic Indicators

<u>Monthly Data</u>	<u>Jan-23</u>	<u>Feb-23</u>	<u>Mar-23</u>	<u>Apr-23</u>	<u>May-23</u>
Unemployment Rate (U3) ¹	4.3%	4.4%	4.2%	4.1%	4.0%
Net Job Gains (000s) ²	193.2	166.8	156.2	156.3	151.5
Avg. Gasoline Price ³	\$3.47	\$3.46	\$3.41	\$3.55	\$3.57
CPI-U All Items ⁴	6.7%	6.9%	5.8%	4.7%	n.a.
Natural Gas Price ⁵	\$2.58	\$2.02	\$2.09	\$1.61	\$1.45
Number of Home Sales ⁶	-3.8%	4.0%	0.0%	-1.9%	-2.0%
PA Turnpike Traffic (cars) ⁷	16.4%	3.4%	3.7%	n.a.	n.a.
PA Turnpike Traffic (commercial) ⁷	4.5%	-1.6%	-2.7%	n.a.	n.a.
<u>Quarterly Data</u>	<u>2022.1</u>	<u>2022.2</u>	<u>2022.3</u>	<u>2022.4</u>	<u>2023.1</u>
Gross Domestic Product ⁸	-1.1%	-0.9%	3.2%	3.2%	n.a.
Personal Income ⁹	-4.6%	2.2%	3.5%	5.0%	n.a.
Wages and Salaries ¹⁰	10.0%	9.5%	9.6%	8.1%	n.a.
FHFA House Price Index ¹¹	14.6%	12.7%	9.6%	8.3%	4.8%

United States Economic Indicators

<u>Monthly Data</u>	<u>Jan-23</u>	<u>Feb-23</u>	<u>Mar-23</u>	<u>Apr-23</u>	<u>May-23</u>
Unemployment Rate (U3) ^{1,12}	3.4%	3.6%	3.5%	3.4%	3.7%
Unemployment Rate (U6) ^{1,12}	6.6%	6.8%	6.7%	6.6%	6.6%
Number of Home Sales ⁶	-0.7%	13.8%	-2.6%	-3.4%	n.a.
S&P 500 ¹³	-9.7%	-9.2%	-9.3%	0.9%	1.2%
10-Year Note ¹⁴	3.53	3.92	3.49	3.45	3.64
Leading Economic Index (LEI) ¹⁵	110.3	110.0	108.6	107.5	106.7
<u>Quarterly Data</u>	<u>2022.1</u>	<u>2022.2</u>	<u>2022.3</u>	<u>2022.4</u>	<u>2023.1</u>
Gross Domestic Product ⁸	-1.6%	-0.6%	3.2%	2.6%	1.3%
Personal Income ⁹	-3.5%	3.2%	4.6%	5.1%	5.5%
Wages and Salaries ¹⁰	10.9%	9.1%	9.0%	6.2%	5.7%
Corporate Profits ¹⁶	13.0%	5.5%	5.0%	1.2%	-4.0%

Sources and Notes:

1. Source: U.S. Bureau of Labor Statistics- Survey of Households.
2. Year-over-year increase in payroll employment. Source: U.S. Bureau of Labor Statistics- Survey of Establishments.
3. Average price for one gallon of regular gasoline in the Central Atlantic region. Source: U.S. Energy Information Administration.
4. Annual change in average price level for U.S. and PA-NJ-DE-MD. Source: U.S. Bureau of Labor Statistics.
5. Price is weighted average from major Pennsylvania gas hubs. Unit is dollars per MMBtu. Source: Bentek Energy.
6. Seasonally Adjusted Annual Rate. Pennsylvania figures represent northeast region. Source: National Association of Realtors.
7. Year-over-year growth rate of monthly traffic counts based on entry data. Source: Pennsylvania Turnpike.
8. The quarterly, annualized real growth rate of the economy. Excludes inflation. Source: U.S. Bureau of Economic Analysis.
9. Year-over-year growth rate of personal income. Source: U.S. Bureau of Economic Analysis.
10. Year-over-year growth rate of wages and salaries paid to all payroll employees. Source: U.S. Bureau of Economic Analysis.
11. Source: Federal Housing Finance Agency.
12. The U3 (official) unemployment rate is total unemployed as a percent of the civilian labor force. The U6 rate includes the U3 unemployed plus those marginally attached to the labor force, discouraged workers and those working part-time for economic reasons.
13. Year-over-year growth rate of S&P 500 closing price for last trading day of the month. Source: Yahoo! Finance.
14. Source: Yahoo! Finance.
15. The LEI base year is 2016 (100) and lower values suggest a higher likelihood of slower economic growth. Source: The Conference Board.
16. Year-over-year growth rate, domestic profits only. Source: U.S. Bureau of Economic Analysis.