

Monthly Economic Update

May 2023



PA Homes Sold Decline by 20% from Prior Year; Listings Remain Flat

This economic update uses recent housing market data to assess the performance of the spring housing market, which typically runs from March to July. As the Federal Reserve combats inflation, mortgage rates have increased dramatically, and analysts are evaluating whether high rates will have a material impact on 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 Realtors Association (NAR). In April, a little under 35,500 homes were listed for sale, 1.3% lower than the prior year. (See table below.)
- **Number of Homes Sold** Monthly number of homes sold. In April, about 9,100 homes were sold, a 20.1% decline from the prior year.
- **Median Sales Price** Median sales price of homes sold. The statewide median sales price was \$210,500 in April, a 3.0% increase from the prior year. However, fewer homes under \$500,000 were sold than compared to the past twelve months.
- **Median Days on Market** Median number of days between when a home is listed and when it goes under contract. This metric typically ranges from 55 to 70 days and reflects the degree of competition in the market. A lower number suggests a more competitive market. For April, the data show the median days on market was 29 days.
- **U.S. Average 30-Year Fixed Rate** Mortgage rates determine the cost to finance a home purchase. The April average rate was 6.3% for the U.S., 1.3 percentage points (ppt) higher than the prior year. The latest rate published by Freddie Mac is 6.39% for the week ending May 18, dropping from 6.43% at the end of April.

The monthly data for the start of the peak housing market season continue to show signs of weakness compared to the prior year as fewer homeowners seem eager to sell. The average mortgage rate has been relatively constant between 6.3 and 6.5 since December 2022 and has declined only moderately since its peak in October 2022 (6.9%). For April, the Sale-to-List Price, another indicator of the housing market, decreased by 1.8 ppts from the prior year to 99.2% (higher values indicate a stronger market).

Pennsylvania Housing Market Indicators

	NAR Listings	Homes Sold	Sales Price	Days on Market	U.S. Avg. 30-Yr Rate
<u>2022</u>					
February	37,658	8,658	\$186,000	44	3.8%
March	41,421	11,803	\$197,787	34	4.2%
April	35,919	11,373	\$204,274	28	5.0%
<u>2023</u>					
February	31,107	6,804	\$199,678	47	6.3%
March	33,215	9,744	\$200,787	38	6.5%
April	35,458	9,087	\$210,453	29	6.3%
<u>YOY Growth/Change</u>					
February	-17.4%	-21.4%	7.4%	3	+2.5 ppt
March	-19.8%	-17.4%	1.5%	4	+2.3 ppt
April	-1.3%	-20.1%	3.0%	1	+1.3 ppt

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

Source: Pennsylvania Association of Realtors and Redfin.

Pennsylvania Economic Indicators

Monthly Data	<u>Dec-22</u>	<u>Jan-23</u>	<u>Feb-23</u>	<u>Mar-23</u>	<u>Apr-23</u>
Unemployment Rate (U3) ¹	4.3%	4.3%	4.4%	4.2%	4.1%
Net Job Gains (000s) ²	184.8	193.2	166.8	156.2	156.3
Avg. Gasoline Price ³	\$3.47	\$3.47	\$3.46	\$3.41	\$3.55
CPI-U All Items ⁴	6.4%	6.7%	6.9%	5.8%	4.7%
Natural Gas Price ⁵	\$4.74	\$2.58	\$2.02	\$2.09	\$1.65
Number of Home Sales ⁶	-3.7%	-3.8%	4.0%	0.0%	-1.9%
PA Turnpike Traffic (cars) ⁷	0.5%	16.4%	3.4%	3.7%	n.a.
PA Turnpike Traffic (commercial) ⁷	-3.4%	4.5%	-1.6%	-2.7%	n.a.
Quarterly Data	<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%	12.9%	9.6%	8.1%	n.a.

United States Economic Indicators

Monthly Data	<u>Dec-22</u>	<u>Jan-23</u>	<u>Feb-23</u>	<u>Mar-23</u>	<u>Apr-23</u>
Unemployment Rate (U3) ^{1,12}	3.5%	3.4%	3.6%	3.5%	3.4%
Unemployment Rate (U6) ^{1,12}	6.5%	6.6%	6.8%	6.7%	6.6%
Number of Home Sales ⁶	-2.2%	-0.7%	13.8%	-2.6%	-3.4%
S&P 500 ¹³	-19.4%	-9.7%	-9.2%	-9.3%	0.9%
10-Year Note ¹⁴	3.88	3.53	3.92	3.49	3.45
Leading Economic Index (LEI) ¹⁵	110.5	110.3	110.0	108.6	107.5
Quarterly Data	<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%	1.1%
Personal Income ⁹	-3.5%	3.2%	4.6%	5.7%	6.2%
Wages and Salaries ¹⁰	10.9%	9.1%	9.0%	7.5%	7.4%
Corporate Profits ¹⁶	13.0%	5.5%	5.0%	1.2%	n.a.

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. Data as of the first of the month. Source: Yahoo! Finance.
14. Source: Yahoo! Finance.
15. The LEI is a predictive variable that anticipates turning points in the business cycle, including recession periods or economic expansions, and is highly correlated with real GDP. Source: The Conference Board.
16. Year-over-year growth rate, domestic profits only. Source: U.S. Bureau of Economic Analysis.