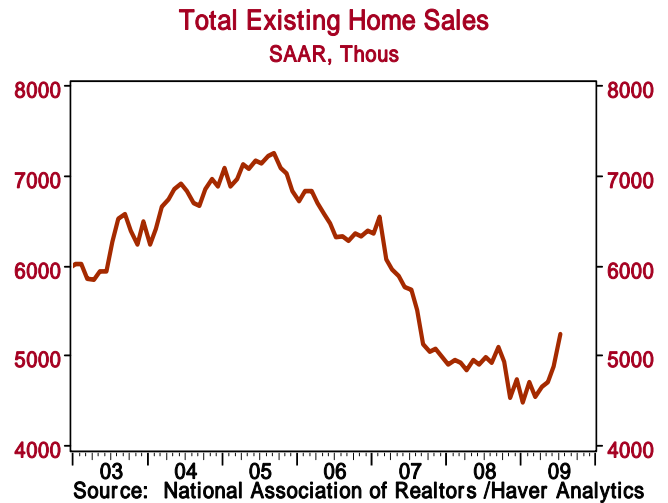


JULY EXISTING HOME SALES

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- Existing home sales increased 7.2% in July to an annual rate of 5.24 million, easily beating the consensus expected pace of 5.00 million. Existing home sales are up 5.0% versus a year ago.
- Sales were up in the Northeast, Midwest, and South, but down in the West. Sales increased for both single-family units and condos/co-ops.
- The median price of an existing home declined to \$178,400 in July (not seasonally adjusted) and is down 15.1% versus a year ago.
- The months' supply of existing homes (how long it would take to sell the entire inventory, at the current sales rate) was unchanged at 9.4 months in July. An increase in the number of homes for sale, particularly condos/coops, offset the increase in the pace of sales.



Implications: Existing home sales surged in July, the fourth consecutive monthly gain and the largest increase since the mid-1990s. As a result, the level of home sales is now *higher* than one year ago, the first time that has happened since 2005. Overall, sales are up 17% since the low in January. This increase is not just the result of the spring selling season, as the sales figures are seasonally-adjusted. The complete end of the housing bust requires three events: a bottom in sales, a bottom in home building, and a bottom in home prices. We now have two of the three and are closing in on the third. Home sales are now clearly in a rising trend, with three months of increases for new homes and four for existing homes. Single-family housing starts bottomed in January/February and are now up five months in a row. The only missing link is home prices but we estimate that national average home prices are now at or perhaps even below fair value, and will hit bottom by year end. Any further home price declines should be concentrated in the major metropolitan areas of states where overbuilding was the greatest (California, Arizona, Nevada, and Florida). Many areas around the country are likely to see home prices creeping upward starting about now. In other recent news, new claims for unemployment insurance increased 15,000 last week to 576,000. Continuing claims for regular state benefits were essentially unchanged at 6.24 million. Meanwhile, the Philadelphia Fed index, a measure of manufacturing activity in that region, increased to +4.2 in August versus -7.5 in July. That's the first positive showing since 2007 and signals that manufacturing is finished declining at slower rates and is now expanding.



Existing Home Sales	Jul-09		Jun-09	May-09	3-month moving avg.	6-month moving avg.	Yr to Yr % Change
	% Ch.	level					
<i>Seasonally Adjusted Unless Noted, Levels in Thous.</i>							
Existing Home Sales	7.2%	5240	4890	4720	4950	4795	5.0
Northeast	13.4%	930	820	800	850	793	3.3
Midwest	10.9%	1220	1100	1090	1137	1078	8.0
South	7.1%	1950	1820	1740	1837	1783	5.4
West	-1.7%	1130	1150	1090	1123	1138	1.8
Median Sales Price (\$, NSA)	-2.0%	178400	182000	174700	178367	173300	-15.1

Source: National Association of Realtors