

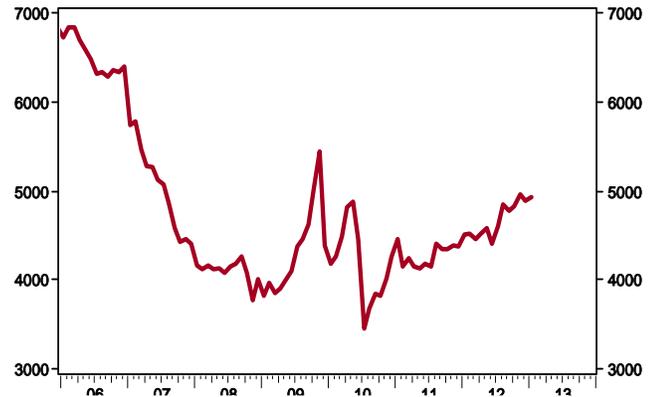
# January Existing Home Sales

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- Existing home sales rose 0.4% in January to an annual rate of 4.92 million units, coming in slightly above the consensus expected 4.90 million rate. Sales are up 9.1% versus a year ago.
- Sales in January were up in the Northeast, Midwest and South, but down in the West. The rise in sales was due to a faster sales pace for both single-family homes and condo/coops sales.
- The median price of an existing home declined to \$173,600 in January (not seasonally adjusted), but is up 12.3% versus a year ago. Average prices are up 8.4% versus last year.
- The months' supply of existing homes (how long it would take to sell the entire inventory at the current sales rate) fell to 4.2 in January from 4.5 in December. The decline in the months' supply was due to lower inventories for single-family homes and condo/coops.

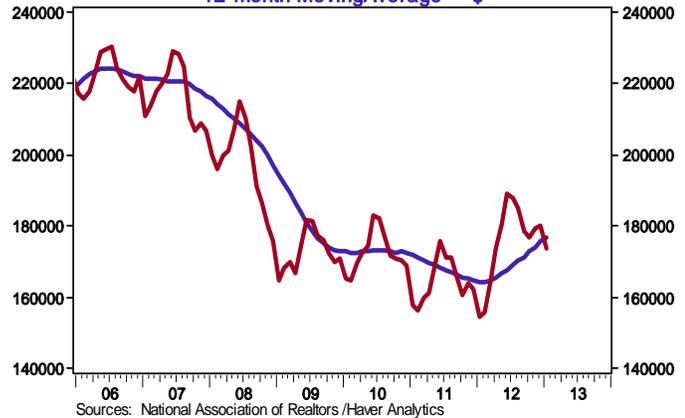
**Implications:** Existing home sales rose slightly in January, and remain right near the highest sales pace since November 2009, which was artificially boosted by the \$8,000 homebuyer credit. Sales are up 9.1% from a year ago. Meanwhile, the inventory of existing homes fell to 1.74 million in January from 1.83 million in December, the lowest level since December 1999. Inventories are down 25.3% from a year ago and the months' supply of homes (how long it would take to sell the entire inventory at the current selling rate) fell to 4.2, the lowest level since April 2005 when we were in the height of the housing boom. Just a year ago, the months' supply was 6.2. In the year ahead, higher prices and sales volumes should lure more potential sellers into the market. The 12.3% gain in median prices versus a year ago can be attributed to a couple of factors. First, a lack of inventory while demand is picking up. Second, fewer distressed sales and more sales of larger homes. This can be seen in the sales data as homes priced from \$0-\$100,000 were down 5.8% from a year ago while those \$1,000,000+ are up 25.7% from a year ago. In general, it still remains tougher than normal to buy a home. Despite record low mortgage rates, home buyers face very tight credit conditions. Tight credit conditions would also explain why all-cash transactions accounted for 28 percent of purchases in January versus a traditional share of about 10 percent. Those with cash are able to take advantage of home prices that are extremely low relative to fundamentals (such as rents and replacement costs); for them, it's a great time to buy. With credit conditions remaining tight, we don't expect a huge increase in home sales anytime soon, but the housing market is definitely on the mend. In other news, the Philly Fed index, a measure of activity in that region, fell to -12.5 from -5.8. Regional manufacturing surveys have been coming in mixed so far in February and we anticipate a small decline in the national ISM index for the month. Meanwhile, we think the service sector is accelerating, so expect more plow horse growth ahead.

**NAR Total Existing Home Sales, United States**  
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**Existing Homes: Median Sales Price**

**Existing Homes: Median Sales Price 12-month Moving Average**



Existing Home Sales	Jan-13		Dec-12	Nov-12	3-month	6-month	Yr to Yr % Change
	%Ch.	level					
<i>Seasonally Adjusted Unless Noted, Levels in Thous.</i>							
<b>Existing Home Sales</b>	0.4%	4920	4900	4960	4927	4872	9.1
<b>Northeast</b>	4.8%	650	620	610	627	618	12.1
<b>Midwest</b>	3.6%	1160	1120	1170	1150	1133	17.2
<b>South</b>	1.0%	1960	1940	1990	1963	1942	14.0
<b>West</b>	-5.7%	1150	1220	1190	1187	1178	-5.7
<b>Median Sales Price (\$, NSA)</b>	-3.7%	173600	180200	179400	177733	178883	12.3

Source: National Association of Realtors