

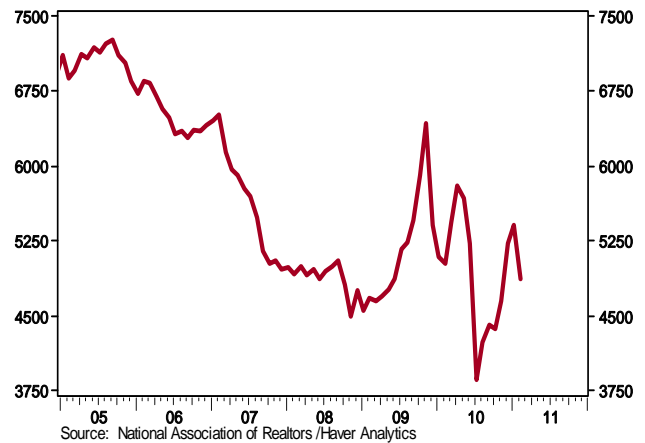
# FEBRUARY EXISTING HOME SALES

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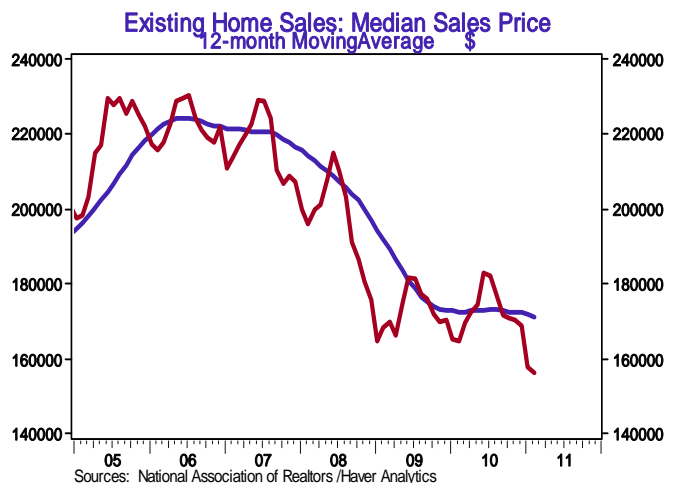
- Existing home sales fell 9.6% in February to an annual rate of 4.88 million, well below the consensus expected pace of 5.11 million. Existing home sales are down 2.8% versus a year ago.
- Sales in February were down in all major regions of the country. Sales declined for both single-family homes and condos/coops.
- The median price of an existing home fell to \$156,100 in February (not seasonally adjusted), and is down 5.2% versus a year ago. Average prices are down 2.7% versus last year.
- The months' supply of existing homes (how long it would take to sell the entire inventory at the current sales rate) rose to 8.6 from 7.5 in January. The increase in the months' supply was mostly due to the slower selling pace. Inventories also increased slightly.

**Implications:** Existing home sales pulled back in February, after increasing substantially in the past three months. Despite overall economic improvement – including higher wages and more private-sector jobs – credit conditions remain a major headwind for home sales. Anyone who has taken out a mortgage lately knows the lending process can be brutal, even for those willing and able to make a down-payment of 20%. By contrast, rental vacancies are falling fast. We are not concerned about the small rise in inventories in February. Inventories normally rise in February, as the spring selling season approaches, and are still down 1.2% compared to a year ago. Although the data will zig and zag from month to month, we expect the sales of existing homes to eventually reach the long-term trend of 5.5 million units annually. With housing affordability at the highest level in at least 40 years, the market for homes is poised to improve.

NAR Total Existing Home Sales, United States  
SAAR, Thous



Existing Home Sales: Median Sales Price



Existing Home Sales <i>Seasonally Adjusted Unless Noted, Levels in Thous.</i>	Feb-11		Jan-11	Dec-10	3-month	6-month	Yr to Yr % Change
	% Ch.	level					
<b>Existing Home Sales</b>	<b>-9.6%</b>	<b>4880</b>	5400	5220	5167	4822	-2.8
<b>Northeast</b>	<b>-7.2%</b>	<b>770</b>	830	870	823	787	-8.3
<b>Midwest</b>	<b>-12.2%</b>	<b>1010</b>	1150	1120	1093	1018	-9.0
<b>South</b>	<b>-10.2%</b>	<b>1840</b>	2050	1950	1947	1837	0.0
<b>West</b>	<b>-8.0%</b>	<b>1260</b>	1370	1270	1300	1180	2.4
<b>Median Sales Price (\$, NSA)</b>	<b>-1.1%</b>	<b>156100</b>	157900	168800	160933	165833	-5.2

Source: National Association of Realtors