

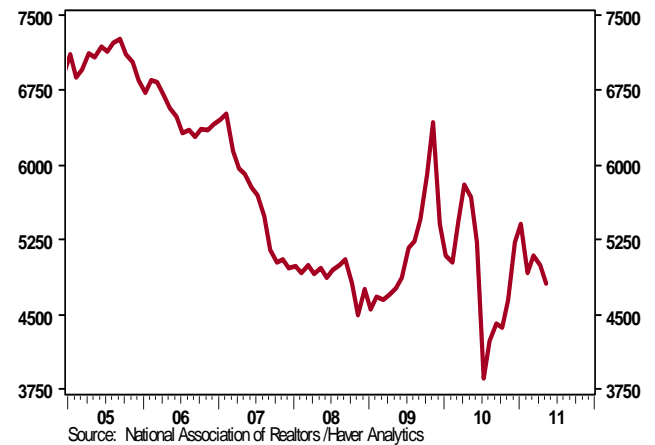
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## May Existing Home Sales

- Existing home sales declined 3.8% in May to an annual rate of 4.81 million units, in line with the consensus expected pace of 4.80 million units. Existing home sales are down 15.3% versus a year ago.
- Sales in May were down in the Midwest, South, and Northeast but unchanged in the West. Sales fell for both single-family homes and condos/coops.
- The median price of an existing home rose to \$166,500 in May (not seasonally adjusted), but is down 4.6% versus a year ago. Average prices are down 2.9% 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 9.3 from 9.0 in April. The increase in the months' supply was all due to a slower pace of sales. There was a decline in inventories.

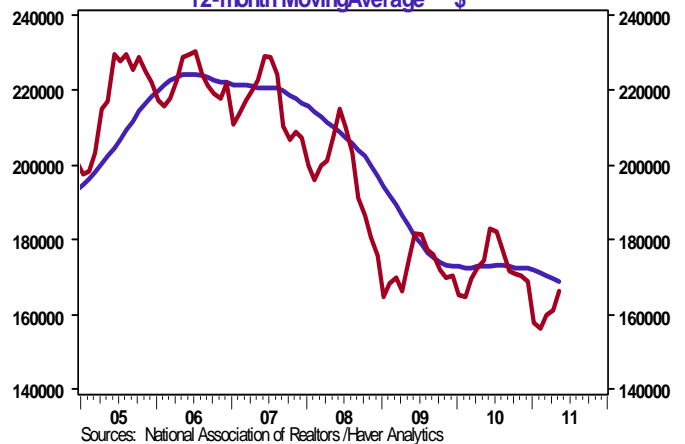
**Implications:** As expected, sales of existing homes fell to a six-month low in May. Credit conditions remain very tight. Anyone who has taken out a mortgage lately knows the lending process can be brutal, even for those willing and able to make a down-payment of 20%. No wonder cash transactions now account for about 30% of sales, versus a traditional share of 10%. However, comments today from the National Association of Realtors suggest pending home sales, which are contracts on existing homes, will be up about 15% in May (data to be released on June 29). If so, existing homes sales, which are counted at closing, should bounce back to almost a 5 million annual rate in June. So today's report is likely the lowest level that sales will hit all year. Several factors should help boost home sales going forward, including higher weekly pay, better job growth, low mortgage rates, and great prices. As a result of these factors, housing affordability remains close to all-time highs. Meanwhile, rental vacancies are falling fast, which will eventually spur enough rent increases to make home ownership more attractive. Although the process will be slow and volatile, we still expect sales of existing homes to climb back to their long-term trend of about 5.5 million units annually.

**NAR Total Existing Home Sales, United States**  
 SAAR, Thous



**Existing Home Sales: Median Sales Price**

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



Existing Home Sales	May-11		Apr-11	Mar-11	3-month	6-month	Yr to Yr
	% Ch.	level					
<i>Seasonally Adjusted Unless Noted, Levels in Thous.</i>							
<b>Existing Home Sales</b>	<b>-3.8%</b>	<b>4810</b>	5000	5090	4967	5073	-15.3
<b>Northeast</b>	<b>-2.5%</b>	<b>770</b>	790	800	787	805	-13.5
<b>Midwest</b>	<b>-6.4%</b>	<b>1020</b>	1090	1060	1057	1082	-22.7
<b>South</b>	<b>-5.1%</b>	<b>1850</b>	1950	1970	1923	1935	-14.4
<b>West</b>	<b>0.0%</b>	<b>1170</b>	1170	1260	1200	1250	-10.0
<b>Median Sales Price (\$, NSA)</b>	<b>3.4%</b>	<b>166500</b>	161100	159800	162467	161700	-4.6

Source: National Association of Realtors