

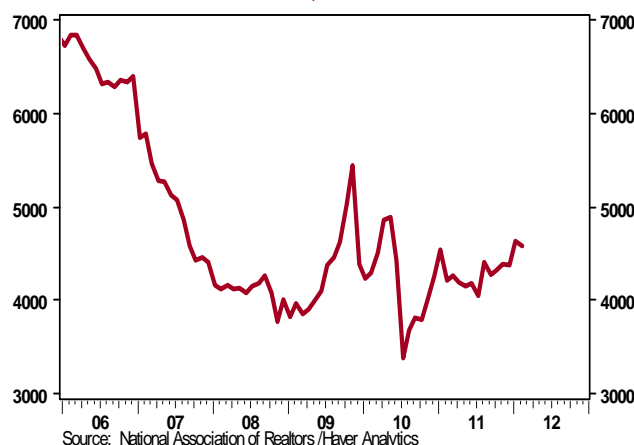
February Existing Home Sales

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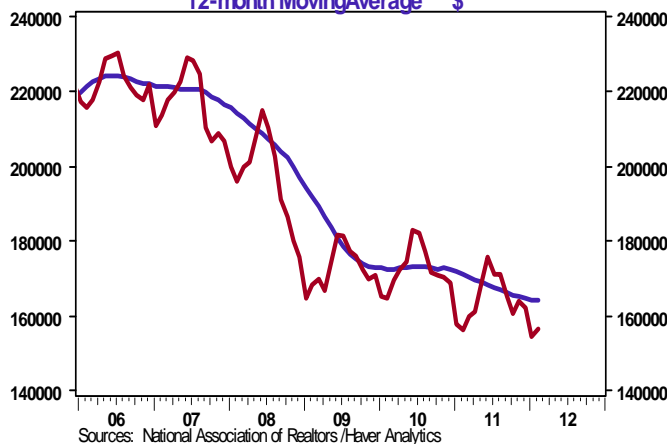
- Existing home sales fell 0.9% in February to an annual rate of 4.59 million units, slightly below the consensus expected pace of 4.61 million units. Existing home sales are up 8.8% versus a year ago.
- Sales in February were down in the Northeast and West, but up in the Midwest and South. All of the decline in overall sales was due to single-family homes; sales of condos/coops were flat for the month.
- The median price of an existing home rose to \$156,600 in February (not seasonally adjusted), and is up 0.3% versus a year ago. Average prices are up 0.4% versus last year.
- The months' supply of existing homes (how long it would take to sell the entire inventory at the current sales rate) rose to 6.4 in February from 6.0 last month. The rise in the months' supply was mostly due to a rise in the inventory of homes for sale. The pace of sales was also slightly slower.

Implications: The housing sales market is slowly but surely mending. Although existing home sales fell 0.9% in February they are still up 8.8 percent from a year ago and near the highest level since November 2009. The inventory of existing homes rose in February as more people put homes on the market, probably in large part due to the unusually warm weather, starting the spring selling season earlier than normal. But, even with this increase, inventories are still down 19.3% versus last year. It still remains tough to buy a home. The National Association of Realtors said cancelled contracts to buy existing homes were at 31% in February, which is three times the normal level. These figures suggest that, despite record low mortgage rates, home buyers still face very tight credit conditions. Tight credit conditions would also explain why all-cash transactions accounted for 33 percent of purchases in February 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 any time soon, but the housing market is on the mend.

NAR Total Existing Home Sales, United States
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Existing Home Sales: Median Sales Price
 Existing Home Sales: Median Sales Price
 12-month Moving Average



| Existing Home Sales | Feb-12 | | Jan-12 | Dec-11 | 3-month | 6-month | Yr to Yr | |
|-------------------------------------|--|--------------|---------------|--------|---------|---------|----------|-------|
| | Seasonally Adjusted Unless Noted, Levels in Thous. | % Ch. | | | | | | level |
| Existing Home Sales | | -0.9% | 4590 | 4630 | 4380 | 4533 | 4433 | 8.8 |
| Northeast | | -3.3% | 580 | 600 | 580 | 587 | 560 | 5.5 |
| Midwest | | 1.0% | 1020 | 1010 | 970 | 1000 | 973 | 13.3 |
| South | | 0.6% | 1770 | 1760 | 1700 | 1743 | 1732 | 9.3 |
| West | | -3.2% | 1220 | 1260 | 1130 | 1203 | 1168 | 6.1 |
| Median Sales Price (\$, NSA) | | 1.3% | 156600 | 154600 | 162200 | 157800 | 160583 | 0.3 |

Source: National Association of Realtors