

# NOVEMBER EXISTING HOME SALES

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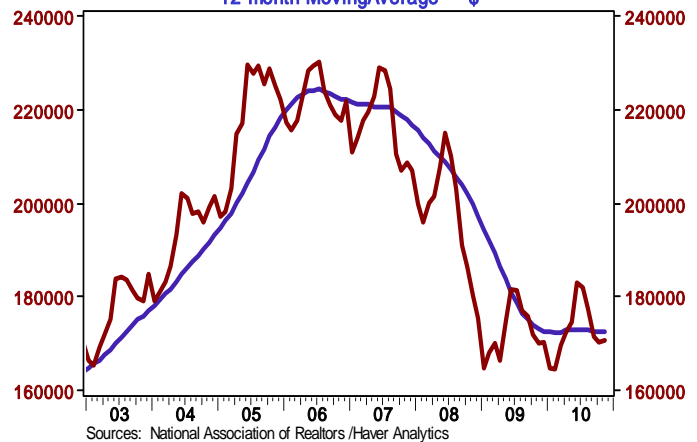
- Existing home sales increased 5.6% in November to an annual rate of 4.68 million, slightly below the consensus expected pace of 4.75 million. Existing home sales are down 27.9% versus a year ago, when sales were artificially high due to the homebuyer credit.
- Sales in November were up in all major regions of the country. Sales increased for single-family homes, but declined for condos/coops.
- The median price of an existing home increased to \$170,600 in November (not seasonally adjusted), and is up 0.4% versus a year ago. Last November, prices were down 5.7% from the prior year.
- The months' supply of existing homes (how long it would take to sell the entire inventory at the current sales rate) fell to 9.5 from 10.5 in October. The decline in the months' supply was due to both the faster selling pace and a decline in overall inventories.

**Implications:** Existing home sales rebounded sharply in November, increasing 5.6% after falling 2.2% in October. Some of the rebound may have been due to the end of the moratorium on foreclosures that probably reduced sales in October. Regardless, we believe the underlying trend will be upward over the next year, as sales continue to rebound without artificial government support. Although the data will zig and zag from month to month, we expect sales to get back to about 5.5 million units at an annualized rate. And we expect the rebound even if mortgage rates float back upward. Housing in November was more affordable than at any time in the past 40 years, and as buyers get more secure about the state of the economy, private-sector job creation accelerates, and purchasers become more confident that their homes will eventually rise in value rather than decline, they will be more willing to buy homes even if interest rates are higher. For example, mortgage rates averaged about 7.5% in the late 1990s and were not an impediment to climbing home sales. In other housing news this morning, the FHFA index, a measure of prices for homes financed with conforming mortgages, increased 0.7% in October (seasonally-adjusted), the first gain since May, although this measure of prices is still down 3.4% versus a year ago.

Total Existing Home Sales  
SAAR, Thous



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



Existing Home Sales <i>Seasonally Adjusted Unless Noted, Levels in Thous.</i>	Nov-10		Oct-10	Sep-10	3-month	6-month	Yr to Yr % Change
	% Ch.	level					
<b>Existing Home Sales</b>	<b>5.6%</b>	<b>4680</b>	4430	4530	4547	4477	-27.9
<b>Northeast</b>	<b>2.7%</b>	<b>770</b>	750	760	760	747	-33.0
<b>Midwest</b>	<b>6.4%</b>	<b>1000</b>	940	950	963	958	-35.1
<b>South</b>	<b>2.9%</b>	<b>1760</b>	1710	1770	1747	1728	-26.1
<b>West</b>	<b>11.7%</b>	<b>1150</b>	1030	1050	1077	1043	-19.0
<b>Median Sales Price (\$, NSA)</b>	<b>0.1%</b>	<b>170600</b>	170400	171500	170833	175850	0.4

Source: National Association of Realtors