

DECEMBER EXISTING HOME SALES

Chief Economist – Brian S. Wesbury
Senior Economist – Robert Stein, CFA

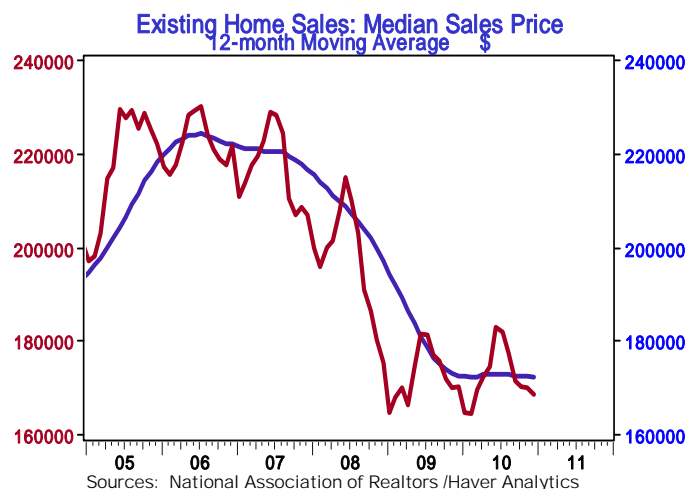
- Existing home sales increased 12.3% in December to an annual rate of 5.28 million, beating the consensus expected pace of 4.87 million. Existing home sales are down 2.9% versus a year ago, when sales were artificially high due to the homebuyer credit.
- Sales in December were up in all major regions of the country. Sales increased for both single-family homes and condos/coops.
- The median price of an existing home fell to \$168,800 in December (not seasonally adjusted), and is down 1.0% versus a year ago. Last December, prices were down 3.0% 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 8.1 from 9.5 in November. The decline in the months' supply was due to both the faster selling pace and a decline in overall inventories.

NAR Total Existing Home Sales, United States
SAAR, Thous



Implications: The housing market is getting better. Existing home sales grew strongly in December, increasing 12.3% after increasing 6.1% in November. Since July, the pace of existing home sales has increased 38%. Sales of existing homes are now only about 5 percent below the long-term trend of a 5.5 million annual pace. Note that this gain is without artificial government support. We think the recovery in sales will be sustained despite the possibility of higher mortgage rates. With housing affordability at its highest level in at least 40 years, buyers becoming more secure about the state of the economy, private-sector job creation accelerating, and buyers more confident that their homes will rise in value rather than decline, the future of the housing market looks promising. In other news this morning, new claims for unemployment insurance declined 37,000 last week to 404,000. The four-week moving average is now 412,000, the lowest since July 2008. Continuing claims for regular state benefits fell 26,000 to 3.86 million, the lowest level since October 2008.

Existing Home Sales; Median Sales Price



| Existing Home Sales <i>Seasonally Adjusted Unless Noted, Levels in Thous.</i> | Dec-10 | | Nov-10 | Oct-10 | 3-month | 6-month | Yr to Yr % Change |
|--|--------------|---------------|--------|--------|---------|---------|----------------------|
| | %Ch. | level | | | | | |
| Existing Home Sales | 12.3% | 5280 | 4700 | 4430 | 4803 | 4483 | -2.9 |
| Northeast | 13.0% | 870 | 770 | 750 | 797 | 745 | -5.4 |
| Midwest | 11.0% | 1110 | 1000 | 940 | 1017 | 938 | -4.3 |
| South | 10.1% | 1970 | 1790 | 1710 | 1823 | 1730 | -2.5 |
| West | 16.7% | 1330 | 1140 | 1030 | 1167 | 1070 | -1.5 |
| Median Sales Price (\$, NSA) | -0.8% | 168800 | 170200 | 170400 | 169800 | 173417 | -1.0 |

Source: National Association of Realtors

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