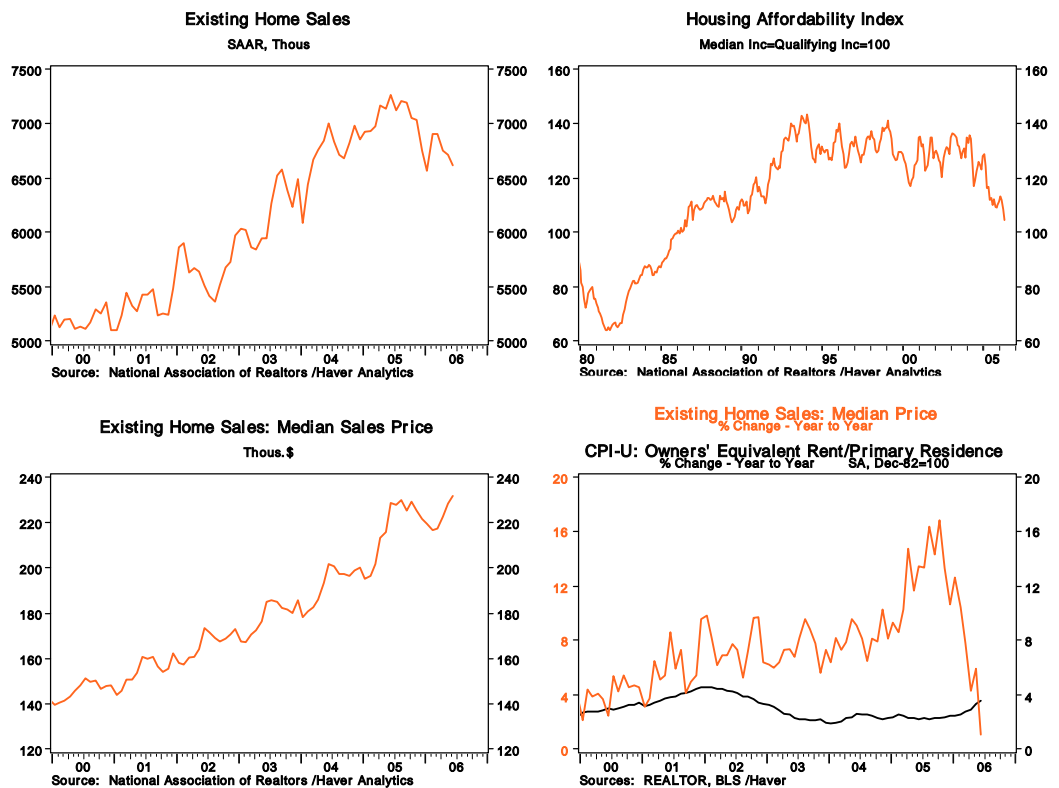


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## JUN EXISTING HOME SALES

- Existing home sales fell 1.3% in June to 6.62 million units at an annual rate. This is slightly above the consensus estimates of 6.60 million. Existing home sales are down 8.9% in the past 12 months.
- The median sales price of an existing home was \$231,000 in June, 0.9% higher than a year ago. This is the slowest YOY gain in the five year history of the data series.

**Implications:** Housing activity has pulled back from its record setting pace in 2005, but remains at historically strong levels. Existing home sales averaged 6.74 million during the first half of 2006, lower than the 7.06 million average of 2005 but higher than any other year on record. Nonetheless, the pullback in sales is causing inventories to rise and putting pressure on prices. The median sales price of an existing home increased just 0.9% in the past year. With prices moderating, demand should stabilize at these lower price levels. We expect existing home sales to average 6.6 million units in the second half of this year. Although housing is likely to make a smaller contribution to economic growth, there is little reason to think that the overall economy will suffer. Resources that were going into housing will be shifted to other sectors of the economy. Over the past year, spending on nonresidential structures has increased 20.7% - suggesting a shift is underway. We expect non-residential construction and business investment will continue to offset a slowing housing market and keep real GDP in the 3.5%-4.0% range.



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Existing Home Sales <i>all data seasonally adjusted unless noted, thous.</i>	Jun-06		May-06	Apr-06	3-month moving avg.	6-month moving avg.	Yr over yr % ch.
	% Ch.	level					
<b>Existing Single Family Home Sales</b>	-1.3%	6620	6710	6750	6665	6742	-8.9
<b>Northeast</b>	-3.5%	1110	1150	1180	1130	1132	-9.8
<b>Midwest</b>	0.0%	1520	1520	1570	1520	1548	-6.2
<b>South</b>	-2.3%	2570	2630	2610	2600	2653	-5.5
<b>West</b>	0.0%	1410	1410	1400	1410	1410	-17.1
<b>Median Sales Price (NSA)</b>	0.9%	231.0	229.0	222.0	230.0	223.0	0.9

Source: Nat'l Association of Realtors

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