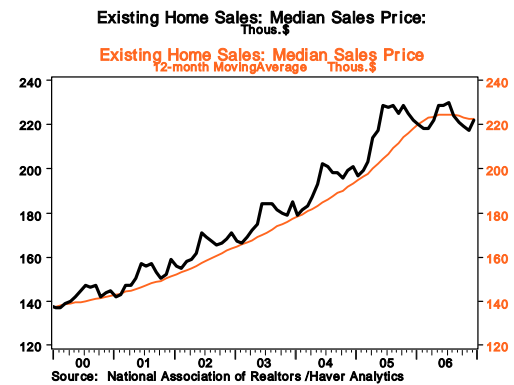
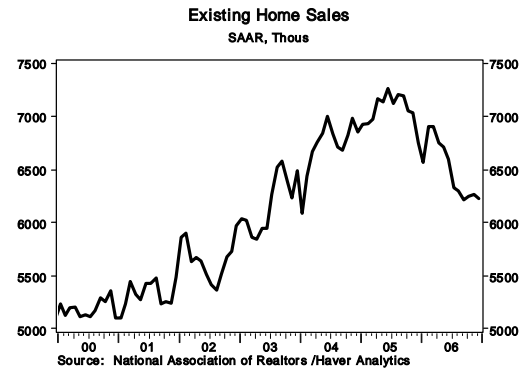




DEC EXISTING HOME SALES

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- Existing home sales declined 0.8% in December to an annual rate of 6.22 million, a slightly larger drop than the 0.5% decrease expected by the consensus.
- By region, the drop in existing home sales is mostly attributable to weakness in the West. By type of home, single-family home sales accounted for the drop; condo/coop sales increased for the second straight month.
- The median price of an existing home increased 2.3% in December to \$222,000. The median sales price was unchanged versus December 2005.
- Despite the slowdown in existing home sales, the months' supply of new homes – how many months it would take to clear the inventory of unsold existing homes at the current sales rate – declined sharply to 6.8 months from 7.3 months in November. The months' supply dropped for both single family homes and condos/coops.



Implications: Despite the drop in sales, we do not view today's report as particularly weak. The sales decline was concentrated in one region (the West), the months' supply of existing homes suggests inventories are being reduced, and prices appear to be leveling off. While unfinished, the inventory correction will eventually help clear the way for growth in residential construction later this year. The median price of existing homes is flat versus last year on a nationwide basis but is up in more regions than it is down. Over the past twelve months, the median price is up 3.7% in the Northeast and 1.5% in the West. The median price is flat in the South and down 2.9% in the Midwest. Moreover, median prices are up 15% nationwide versus 2004, suggesting most sellers are earning substantial capital gains on the sale of their homes.

Existing Home Sales <i>Seasonally Adjusted Unless Noted, Levels in Thous.</i>	Dec-06		Nov-06	Oct-06	3-month moving avg.	6-month moving avg.	Yr to Yr % Change
	% Ch.	level					
Existing Home Sales	-0.8%	6220	6270	6240	6243	6262	-7.9
Northeast	-2.8%	1040	1070	1000	1037	1045	-5.5
Midwest	4.3%	1470	1410	1420	1433	1428	-5.8
South	0.8%	2490	2470	2510	2490	2505	-7.1
West	-9.1%	1200	1320	1310	1277	1282	-15.5
Median Sales Price (\$, NSA)	2.3%	222	217	219	219	222	0.0

Source: National Association of Realtors