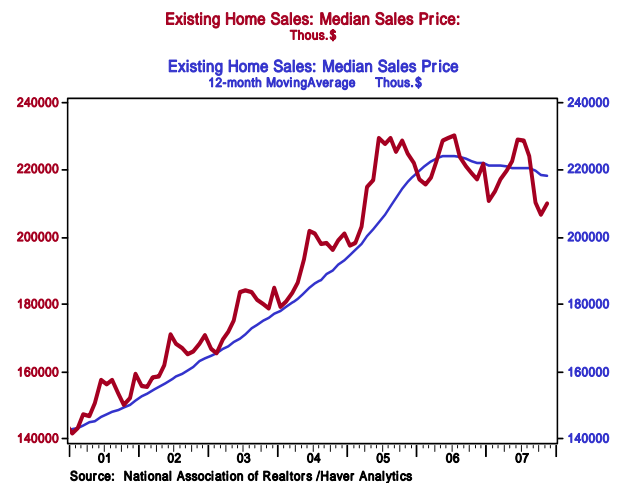
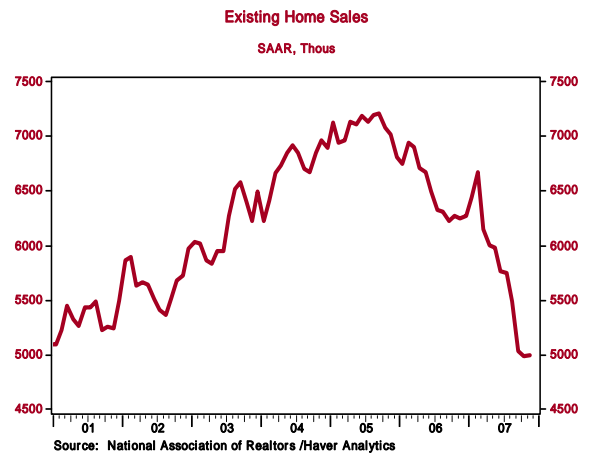


## NOVEMBER EXISTING HOME SALES

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- Existing home sales increased 0.4% in November to an annual rate of 5.00 million, slightly above the consensus expected level of 4.97 million. Existing home sales are down 20.0% versus a year ago.
- In November, sales of existing homes increased in the West, were unchanged in the Midwest, and declined slightly in the Northeast and South. By type of home, sales were up for single-family homes and down slightly for condos/coops.
- The median price of an existing home increased to \$210,200 in November (not seasonally adjusted) and is down 3.3% versus a year ago.
- The months' supply of existing homes (at the current sales rate) declined to 10.3 months in November from 10.7 months in October. The months' supply of single-family homes declined to 9.9 months in November from 10.4 months in October.



**Implications:** Today's report on existing home sales was a stark contrast to Friday's report on new home sales. New home sales, which are based on contracts signed, plummeted in November. Meanwhile, existing home sales, which are based on closings, increased. One possible explanation for the gap in the reports is that contracts occur before closings and thus signal the potential for further declines in existing home sales. Another explanation is that the drop in new home sales could be related to contract cancellations. When buyers cancel a contract for a new home, that home is still counted as a new home sale, because a contract was signed. So when cancellations rise, new home sales data *overestimate* actual sales. However, when the home is later sold to someone else, it is not counted as a sale, as it was already counted. Lots of buyers cancelled contracts in the summer and early fall, meaning new home sales may now *underestimate* actual sales as the cancelled homes are being sold to others. One element of the report on new home sales that was corroborated today is that the number of homes for sale is falling. The number of single-family existing homes for sale fell to 3.64 million, down 5% since July and the lowest level since April. In other news today, manufacturing activity picked up in the Milwaukee area in December, with the Milwaukee Purchasing Managers report rising to 62 from 60 last month. (Levels above 50 signal expansion; levels below 50 signal contraction.) The indexes for production and new orders were both the highest in three months.

Existing Home Sales <i>Seasonally Adjusted Unless Noted, Levels in Thous.</i>	Nov-07		Oct-07	Sep-07	3-month moving avg.	6-month moving avg.	Yr to Yr % Change
	% Ch.	level					
<b>Existing Home Sales</b>	<b>0.4%</b>	<b>5000</b>	4980	5030	5003	5333	-20.0
<b>Northeast</b>	<b>-3.3%</b>	<b>870</b>	900	900	890	950	-19.4
<b>Midwest</b>	<b>0.0%</b>	<b>1180</b>	1180	1200	1187	1262	-16.9
<b>South</b>	<b>-2.0%</b>	<b>1990</b>	2030	2030	2017	2125	-19.4
<b>West</b>	<b>10.3%</b>	<b>960</b>	870	910	913	995	-25.0
<b>Median Sales Price (\$, NSA)</b>	<b>1.6%</b>	<b>210200</b>	206900	210400	209167	218300	-3.3

Source: National Association of Realtors