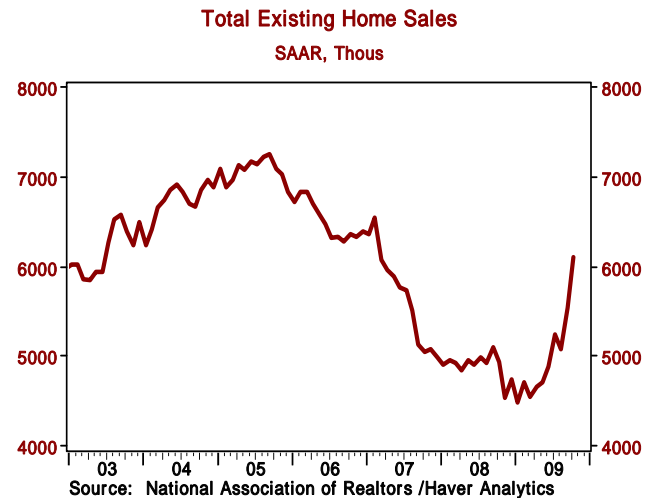


# OCTOBER EXISTING HOME SALES

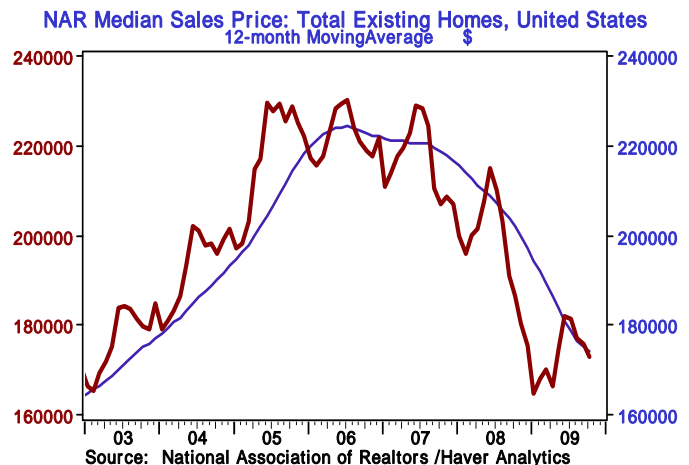
Chief Economist – Brian S. Wesbury  
Senior Economist – Robert Stein, CFA

- Existing home sales increased 10.1% in October to an annual rate of 6.10 million, easily beating the consensus expected pace of 5.70 million. Existing home sales are up 23.5% versus a year ago.
- Sales were up in every major region of the country and increased for both single-family units and condos/co-ops.
- The median price of an existing home fell to \$173,100 in October (not seasonally adjusted) and is down 7.1% versus a year ago. This is a large improvement since January, when prices were down 17.5% versus a year ago.
- The months' supply of existing homes (how long it would take to sell the entire inventory, at the current sales rate) declined to 7.0 from 8.0 in September. The drop in the months' supply was due to both the faster pace of sales and fewer units for sale.

**Implications:** Existing home sales surged in October, are up 20% in the past two months, and are up 36% from the low in January. To put this in perspective, existing homes are now selling at a faster pace than they ever were before 2003. We think the bulk of the increase in the past several months is tied to the increasing affordability of homes. Lower prices and low mortgage rates have substantially increased the affordability of homes. Meanwhile, potential homebuyers no longer need to fear widespread deep national home price declines and should expect modest price gains in much of the country over the next couple of years. In addition, some of the recent spike in sales is likely due to the expectation (now outdated) that the federal government's new homebuyer tax credit would expire in November. Buyers may have rushed to make offers and sign contracts on homes in August/September, so they could get the credit, which was assumed to expire at the end of November. However, the credit was recently extended into 2010, which will remove the reason for any rushed sales. The best news from the report was the decline in inventories to 3.57 million, down a million versus the peak in July 2008 and the lowest level in almost three years.



NAR Median Sales Price: Total Existing Homes, United States



Existing Home Sales <i>Seasonally Adjusted Unless Noted, Levels in Thous.</i>	Oct-09		Sep-09	Aug-09	3-month moving avg.	6-month moving avg.	Yr to Yr % Change
	% Ch.	level					
<b>Existing Home Sales</b>	<b>10.1%</b>	<b>6100</b>	5540	5090	5577	5263	23.5
<b>Northeast</b>	<b>11.6%</b>	<b>1060</b>	950	910	973	912	27.7
<b>Midwest</b>	<b>14.4%</b>	<b>1430</b>	1250	1140	1273	1205	28.8
<b>South</b>	<b>12.7%</b>	<b>2300</b>	2040	1890	2077	1957	25.7
<b>West</b>	<b>1.6%</b>	<b>1310</b>	1290	1150	1250	1187	12.0
<b>Median Sales Price (\$, NSA)</b>	<b>-1.6%</b>	<b>173100</b>	176000	177300	175467	177433	-7.1

Source: National Association of Realtors

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