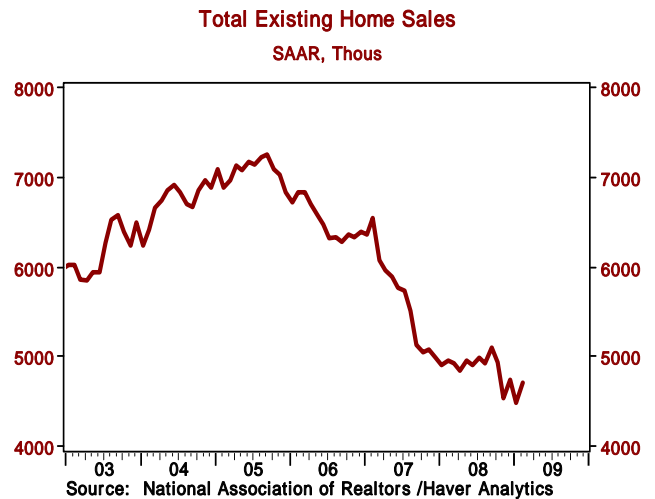


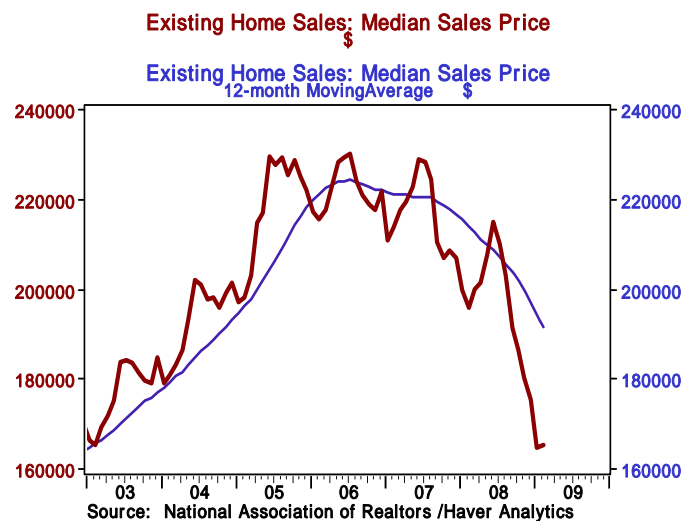
FEBRUARY EXISTING HOME SALES

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- Existing home sales increased 5.1% in February to an annual rate of 4.72 million. The consensus expected a slight decline to a sales rate of 4.45 million. Existing home sales are down 4.6% versus a year ago.
- Sales were up in all major regions of the country and increased for both single-family units and condos/co-ops.
- The median price of an existing home increased to \$165,400 in February (not seasonally adjusted) but is down 15.5% versus a year ago.
- The months' supply of existing homes (at the current sales rate) was unchanged at 9.7 in February. A faster sales pace was offset by more homes in inventory, the first increase in the number of existing homes for sale since July.



Implications: The housing market is not going to fully heal until three different indicators hit bottom: sales, building activity, and prices. Today's report on existing home sales signals that sales have likely bottomed already. The number of existing homes sold increased 5.1% in February. In addition, the number of homes for sale increased for the first time since July. This is consistent with marginal sellers, previously too scared to even dip their toes in the housing market, now sensing an imminent turn in the market, particularly in metropolitan environments where many of the price declines have been the strongest. Most of the increase in inventory in February is attributable to condos/coops. Although the median home price is down 15.5% versus last year, this is a smaller year-ago drop than last month (when it was -17.5%). In terms of the other housing indicators, we expect home building to bottom late this year and prices to bottom a few months later. However, it is also important to recognize that much of the remaining pain in the housing market will be concentrated in five states: California, Florida, Arizona, Nevada, and Michigan. We expect many areas of the country to experience greater building activity and prices by mid-year.



Existing Home Sales <i>Seasonally Adjusted Unless Noted, Levels in Thous.</i>	Feb-09		Jan-09	Dec-08	3-month moving avg.	6-month moving avg.	Yr to Yr % Change
	% Ch.	level					
Existing Home Sales	5.1%	4720	4490	4740	4650	4755	-4.6
Northeast	15.6%	740	640	750	710	758	-14.9
Midwest	1.0%	1040	1030	1060	1043	1068	-14.0
South	6.1%	1740	1640	1740	1707	1743	-11.2
West	2.6%	1200	1170	1200	1190	1185	30.4
Median Sales Price (\$, NSA)	0.4%	165400	164800	175700	168633	177333	-15.5

Source: National Association of Realtors