

JANUARY EXISTING HOME SALES

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- Existing home sales fell 7.2% in January to an annual rate of 5.05 million, coming in well below the consensus expected pace of 5.50 million. Existing home sales are still up 11.5% versus a year ago.
- Sales were down in every major region of the country. The decline in sales was due to both single-family homes and condos/co-ops.
- The median price of an existing home declined to \$164,700 in January (not seasonally adjusted) but is unchanged versus a year ago. Last January, prices were down 17.6% from the prior year.
- The months' supply of existing homes (how long it would take to sell the entire inventory, at the current sales rate) increased to 7.8 from 7.2 in December. The increase in the months' supply was all due to the slower pace of sales. Total inventories declined slightly and are the lowest in almost four years.

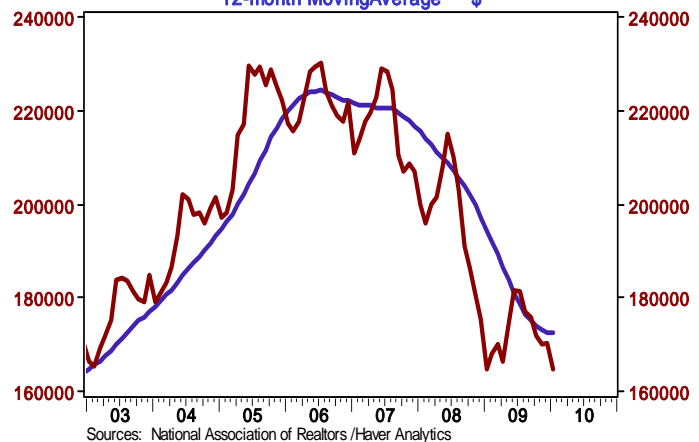
Implications: Existing home sales were ugly in January, with sales down 7.2% after a 16.2% drop in December. Back in the Fall, many in the buying home market thought the homebuyer tax credit was going to expire in November. As a result, sales surged in October/November as buyers moved up their purchases. Now we are experiencing a “hangover” from that surge. In other words, the underlying pace of sales was not as strong as the 6.49 million annual rate in November, nor is it as weak as the 5.05 million rate in January. It’s somewhere in-between, say 5.75 million, which is still 27% higher than the bottom in January 2009 and higher than any year before 2003. February may be another weak month because of unusually harsh weather, but we think sales will move back up in the Spring (even on a seasonally-adjusted basis). If not, it would be a clear signal that problems with securitizing mortgage loans are a more significant headwind for the housing market. Note, however, that even with the ugly sales number in January, inventories continued to decline, falling to the lowest level since March 2006. Meanwhile, the median price of an existing home is unchanged versus a year ago while the average price is up 2.6%. In other recent housing news, the FHFA index, which measures prices for homes financed by conforming mortgages only, fell 1.6% in December. This may also be due to the hangover from the feared expiration of the homebuyer credit. The FHFA index is down 1.5% from a year ago. In 2008 it fell 8.5%. We still expect modest price gains in 2010.

NAR Total Existing Home Sales, United States
SAAR, Thous



Existing Home Sales: Median Sales Price

Existing Home Sales: Median Sales Price
12-month Moving Average



Existing Home Sales <i>Seasonally Adjusted Unless Noted, Levels in Thous.</i>	Jan-10		Dec-09	Nov-09	3-month	6-month	Yr to Yr
	%Ch.	level					
Existing Home Sales	-7.2%	5050	5440	6490	5660	5610	11.5
Northeast	-10.9%	820	920	1150	963	963	22.4
Midwest	-6.9%	1080	1160	1540	1260	1267	8.0
South	-7.4%	1870	2020	2380	2090	2078	12.0
West	-5.2%	1280	1350	1420	1350	1300	7.6
Median Sales Price (\$, NSA)	-3.4%	164700	170500	170000	168400	171717	0.0

Source: National Association of Realtors

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