

# FEBRUARY EXISTING HOME SALES

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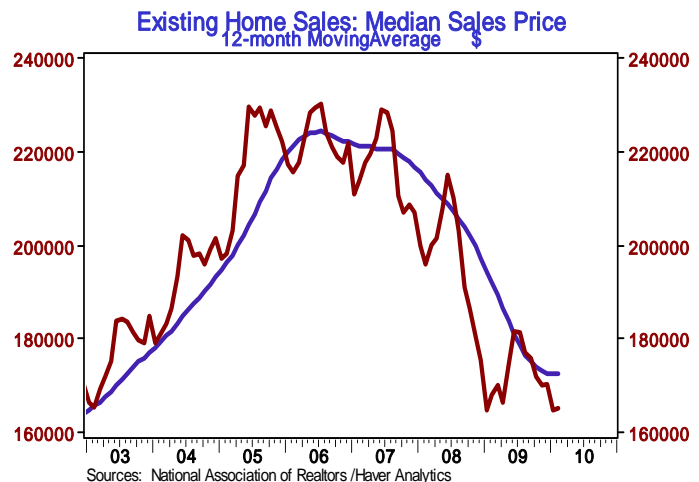
- Existing home sales fell 0.6% in February to an annual rate of 5.02 million, narrowly beating the consensus expected pace of 5.00 million. Existing home sales are up 7.0% versus a year ago.
- Sales were up in the Northeast and Midwest, but down in the South and West. Compared to last year, sales are up in every major region. The decline in sales was all due to a decline in single-family home sales. Sales of condos/coops increased slightly.
- The median price of an existing home increased to \$165,100 in February (not seasonally adjusted), but is down 1.8% 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 8.6 from 7.8 in January. The increase in the months' supply was mostly due to an increase in inventories for both single family homes and condos/co-ops.

**Implications:** Existing home sales fell for the third month in a row in February. However, sales may have been influenced by unusually harsh winter weather and still came in slightly higher than the consensus anticipated. Back in the Fall, many in the housing 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. After November, a "hangover" set in. Because the credit ended up being extended – contracts have to be completed by April, closings by June – we expect another surge in sales over the next several months. Existing home sales hit a recent peak of a 6.5 million annual rate in November, as the original version of the homebuyer credit was set to expire. The cycle low was set in January 2009 at a 4.5 million pace. We think the underlying trend is now about 5.75 million, but that will likely not be clear until late this year, after the Spring surge and Summer hangover. In other news this morning, the FHFA home price index, which tracks prices on homes financed by conforming mortgages, declined 0.6% in January and is down 3.3% versus last year. Meanwhile, more recent news from the manufacturing sector supports the case that the economy is picking up steam. The Richmond Fed index, a measure of manufacturing in the mid-Atlantic region, increased to +6 in March from +2 in February.

NAR Total Existing Home Sales, United States  
SAAR, Thous



Existing Home Sales; Median Sales Price



Existing Home Sales	Feb-10		Jan-10	Dec-09	3-month	6-month	Yr to Yr % Change
	% Ch.	level					
<i>Seasonally Adjusted Unless Noted, Levels in Thous.</i>							
<b>Existing Home Sales</b>	<b>-0.6%</b>	<b>5020</b>	5050	5440	5170	5597	7.0
<b>Northeast</b>	<b>2.4%</b>	<b>840</b>	820	920	860	953	12.0
<b>Midwest</b>	<b>2.8%</b>	<b>1110</b>	1080	1160	1117	1262	8.8
<b>South</b>	<b>-1.1%</b>	<b>1850</b>	1870	2020	1913	2075	6.9
<b>West</b>	<b>-4.7%</b>	<b>1220</b>	1280	1350	1283	1307	3.4
<b>Median Sales Price (\$, NSA)</b>	<b>0.1%</b>	<b>165100</b>	164900	170500	166833	169733	-1.8

Source: National Association of Realtors

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