

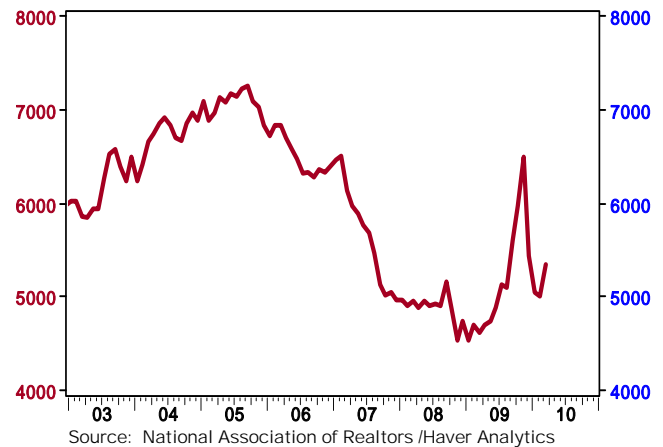
MARCH EXISTING HOME SALES

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

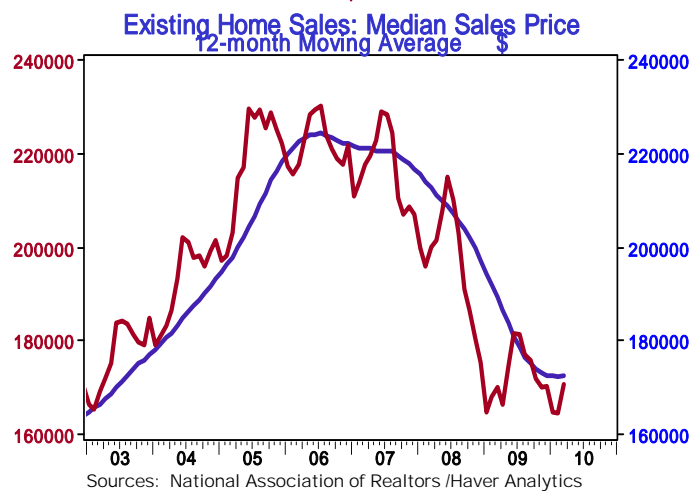
- Existing home sales rose 6.8% in March to an annual rate of 5.35 million, beating the consensus expected pace of 5.29 million. Existing home sales are up 16.1% versus a year ago.
- Sales were up in all major regions of the country, both in March and compared to last year. The rise in sales was almost all due to a rise in single-family home sales. Sales of condos/coops increased slightly.
- The median price of an existing home increased to \$170,700 in March (not seasonally adjusted), and is up 0.4% versus a year ago. Last March, prices were down 15.0% 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) declined to 8.0 from 8.5 in February. The decrease in the months' supply was all due to the faster selling pace, which offset a slight rise in inventories for both single family homes and condos/co-ops.

Implications: Existing home sales reversed a three month downtrend in March and beat consensus expectations. After harsh winter weather in February, sales rose 6.8%, and sales are now up 18.1% since the low set in January 2009. The rise in March may also be the beginning of another surge like we had last year, before the expiration of the homebuyer tax credit. In the Fall, many in the housing market thought the homebuyer credit was going to expire in November and so sales surged in October/November. In the end, Congress extended the credit through April, so we think buyers will act similarly to take advantage of the credit. In our view, the underlying trend in sales is about 5.75 million, but that will not be clear until after the Spring surge and Summer hangover from the tax credit. Meanwhile, despite concerns in some quarters about a wave of foreclosures generating substantially higher inventories, the number of existing homes for sale is down 1.8% versus a year ago. In other news this morning, the FHFA index, a measure of prices for homes financed by conforming mortgages, declined 0.2% in February and is down 3.4% versus a year ago. Although there is still a large excess inventory of homes, we believe buyers and sellers have already gone almost all the way toward adjusting prices accordingly. As a result, on a national average basis, prices should be up modestly in the year ahead, with any pockets of price weakness concentrated in areas with the greatest excess inventories.

NAR Total Existing Home Sales, United States
SAAR, Thous



Existing Home Sales: Median Sales Price



Existing Home Sales	Mar-10		Feb-10	Jan-10	3-month	6-month	Yr to Yr %Change
	%Ch.	level					
<i>Seasonally Adjusted Unless Noted, Levels in Thous.</i>							
Existing Home Sales	6.8%	5350	5010	5050	5137	5553	16.1
Northeast	6.0%	890	840	820	850	942	25.4
Midwest	7.2%	1190	1110	1080	1127	1245	15.5
South	7.1%	1970	1840	1870	1893	2055	13.9
West	6.6%	1300	1220	1280	1267	1313	14.0
Median Sales Price (\$, NSA)	3.7%	170700	164600	164900	166733	168783	0.4

Source: National Association of Realtors