

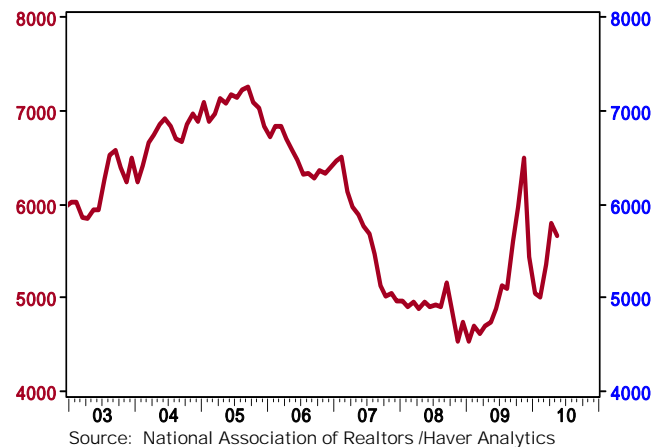
# MAY EXISTING HOME SALES

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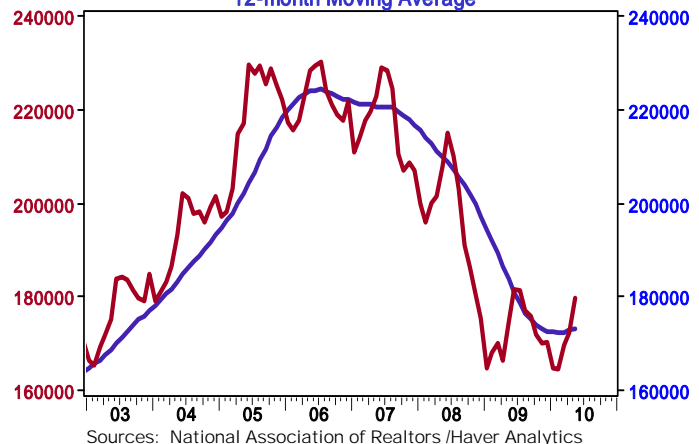
- Existing home sales fell 2.2% in May to an annual rate of 5.66 million, falling well short of the consensus expected pace of 6.12 million. Existing home sales are up 19.2% versus a year ago.
- All of the drop in sales was in the Northeast. Sales were unchanged in the Midwest and up in the South and West. Sales declined for both single-family home sales and condos/coops.
- The median price of an existing home increased to \$179,600 in May (not seasonally adjusted), and is up 2.7% versus a year ago. Last May, prices were down 15.9% 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) fell to 8.3 from 8.4 in April. The decrease in the months' supply was due to a large drop in inventories for single family homes, which offset the slower selling pace.

**Implications:** After beating consensus expectations for three months in a row, existing home sales dropped 2.2% in May, coming in well short of the 6% gain the consensus expected. Most analysts thought there would be a spike upward in existing home sales in May due to the expiration of the new homebuyer tax credit at the end of June. Existing home sales are counted at closing. Pending home sales, which are contracts on existing homes, surged rapidly in February, March, and April. As a result, we still anticipate a large gain in existing homes sales in June. After that, just like last Fall, we expect a "hangover" since the tax credit simply made people buy earlier than they normally would have anyway. The best news from today's report is that the inventory of existing homes fell to 3.89 million in May, which is only 1% higher than a year ago, despite more foreclosed properties finally hitting the market. In addition, the median sales price of existing homes continues to rebound. Prices are up 2.7% in the past year. In other news this morning, the FHFA index, a measure of prices for homes financed by conforming mortgages, increased 0.8% in April (seasonally-adjusted). The index is down 1.5% from a year ago, compared to a drop of 7% in the year ending in April 2009. Meanwhile, the Richmond Fed index, a measure of manufacturing in mid-Atlantic states, came in at +23 for June, a decline from +26 in May but still consistent with rapid growth in the factory sector.

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	May-10		Apr-10	Mar-10	3-month	6-month	Yr to Yr % Change
	% Ch.	level					
Seasonally Adjusted Unless Noted, Levels in Thous.							
<b>Existing Home Sales</b>	<b>-2.2%</b>	<b>5660</b>	5790	5360	5603	5385	19.2
<b>Northeast</b>	<b>-18.3%</b>	<b>890</b>	1090	900	960	910	12.7
<b>Midwest</b>	<b>0.0%</b>	<b>1330</b>	1330	1210	1290	1203	22.0
<b>South</b>	<b>0.5%</b>	<b>2150</b>	2140	1970	2087	1998	22.9
<b>West</b>	<b>4.9%</b>	<b>1290</b>	1230	1290	1270	1277	15.2
<b>Median Sales Price (\$, NSA)</b>	<b>4.2%</b>	<b>179600</b>	172300	169600	173833	170250	2.7

Source: National Association of Realtors