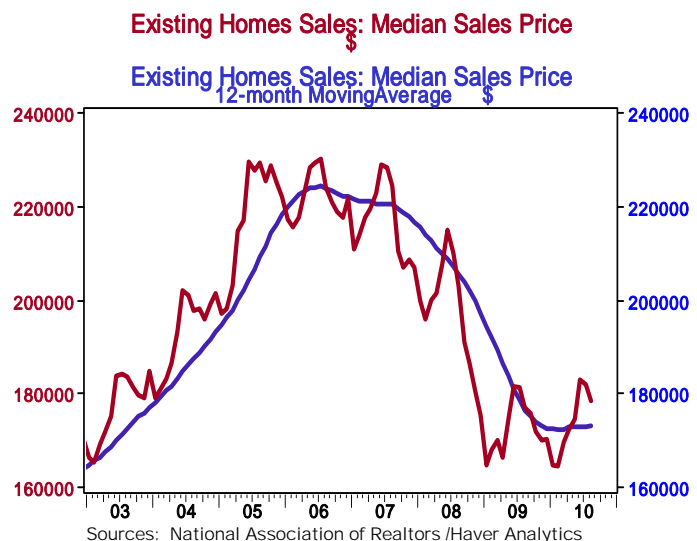
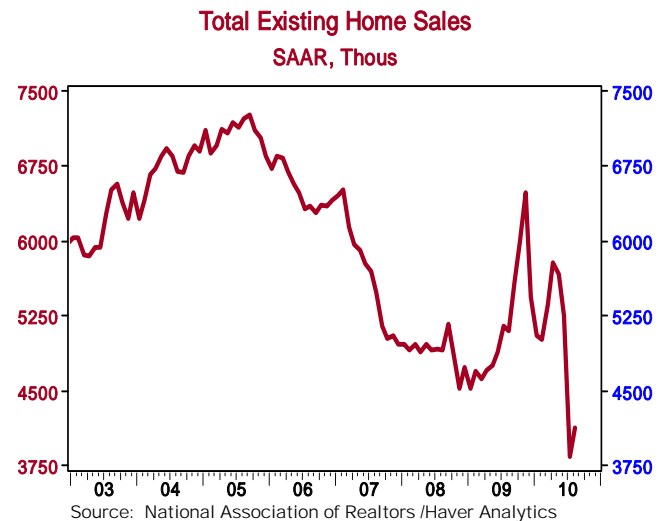


AUGUST EXISTING HOME SALES

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- Existing home sales increased 7.6% in August to an annual rate of 4.13 million, coming in slightly above the consensus expected pace of 4.10 million. Existing home sales are down 19.0% versus a year ago.
- Sales were up in all major regions of the country and increased for both single-family homes and condos/coops.
- The median price of an existing home declined to \$178,600 in August (not seasonally adjusted), but is up 0.8% versus a year ago. Last August, prices were down 12.8% 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 11.6 from 12.5 in July. The decline in the months' supply was primarily due to the faster sales pace, but overall inventories also fell slightly.

Implications: Over the past several months, the homebuyer tax credit has been the driving force behind existing home sales, both the surge in the Spring, then the Summer swoon, and now the rebound from that drop. With the government cutting checks of up to \$8,000 for people to buy a home, it's hard to understand why *anyone* interested in buying a home would have waited to settle until just after the expiration of the credit at the end of June. The residual effects of the tax credit's expiration will keep the level of sales below normal for at least the next couple of months, but we are clearly rebounding off the July low and expect that rebound to continue until we get back up to an underlying trend of about 5.5 million annualized later this year or sometime next year. The higher pace of sales in August helped push down the months' supply of homes. Overall, inventories of unsold homes also fell slightly, but that usually happens in August each year. The median price of an existing home sold is up 0.8% from a year ago; the average price is up 2.9%. In other recent home price news, the FHFA index, a measure of prices for homes financed with conforming mortgages, declined 0.5%. In the past year, the index is down 3.3%. Some price weakness was expected given the lapse of the homebuyer tax credit. In the labor market, new claims for unemployment insurance increased 12,000 last week to 465,000. Continuing claims for regular state benefits declined 48,000 to 4.49 million.



Existing Home Sales <i>Seasonally Adjusted Unless Noted, Levels in Thous.</i>	Aug-10		Jul-10	Jun-10	3-month	6-month	Yr to Yr % Change
	% Ch.	level					
Existing Home Sales	7.6%	4130	3840	5260	4410	5007	-19.0
Northeast	7.9%	680	630	880	730	845	-24.4
Midwest	5.0%	840	800	1230	957	1123	-26.3
South	5.2%	1620	1540	1990	1717	1902	-13.4
West	13.8%	990	870	1160	1007	1138	-16.1
Median Sales Price (\$, NSA)	-1.9%	178600	182100	183000	181233	176700	0.8

Source: National Association of Realtors

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