

# JANUARY EXISTING HOME SALES

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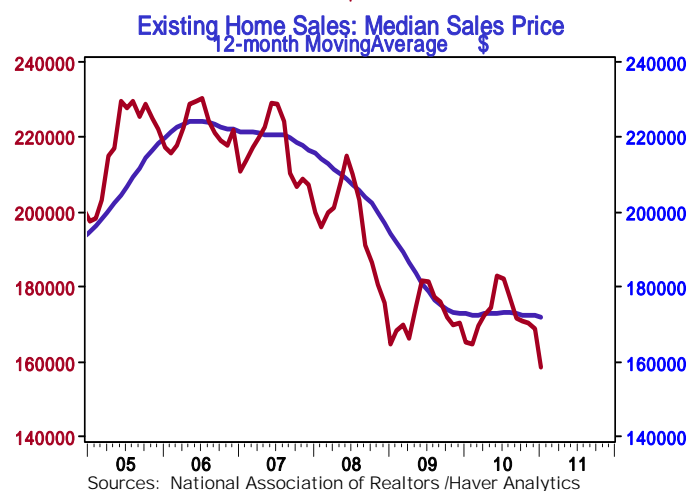
- Existing home sales increased 2.7% in January to an annual rate of 5.36 million, beating the consensus expected pace of 5.22 million. Existing home sales are up 5.3% versus a year ago.
- Sales in January were up in the Midwest, South, and West, but down in the Northeast. Sales increased for both single-family homes and condos/coops.
- The median price of an existing home fell to \$158,800 in January (not seasonally adjusted), and is down 3.7% versus a year ago. Average prices are down 2.6% versus a year ago.
- The months' supply of existing homes (how long it would take to sell the entire inventory at the current sales rate) fell to 7.6 from 8.2 in December. The decline in the months' supply was due to both the faster selling pace and a decline in overall inventories.

**Implications:** The housing market continues to heal. Existing home sales grew 2.7% in January, the third increase in a row. Sales are now at the fastest pace since eight months ago, when the homebuyer tax credit expired. Also, sales of existing homes are now very close to the long-term trend of 5.5 million units annually. With housing affordability hovering at the highest level in at least 40 years, the market for homes is poised to continue improving. Incomes are rising, mortgage rates remain relatively low, and homes are cheap. Lenders are asking for large down payments, but this is no different from a year ago. In other recent housing news, the Case-Shiller index, a measure of home prices in the 20 largest metro areas around the country, declined 0.4% in December (seasonally-adjusted) and was down 2.4% in 2010. Prices have fallen six straight months, since the end of the homebuyer tax credit. However, the decline in 2010 was the smallest since prices peaked in 2006 and we expect a modest price gain in 2011. Meanwhile, manufacturing continues to soar. The Richmond Fed index, a measure of manufacturing activity in the mid-Atlantic, increased to +25 in February from +18 in January, signaling robust growth in goods production. Combined with recent good news from the Philly Fed survey, the nationwide ISM manufacturing index likely remained at a very high level in February.

NAR Total Existing Home Sales, United States  
SAAR, Thous



Existing Home Sales: Median Sales Price



Existing Home Sales	Jan-11		Dec-10	Nov-10	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>2.7%</b>	<b>5360</b>	5220	4640	5073	4708	5.3
<b>Northeast</b>	<b>-4.6%</b>	<b>830</b>	870	770	823	775	-1.2
<b>Midwest</b>	<b>1.8%</b>	<b>1140</b>	1120	980	1080	992	3.6
<b>South</b>	<b>3.6%</b>	<b>2020</b>	1950	1770	1913	1802	8.0
<b>West</b>	<b>7.9%</b>	<b>1370</b>	1270	1120	1253	1140	7.0
<b>Median Sales Price (\$, NSA)</b>	<b>-5.9%</b>	<b>158800</b>	168800	170200	165933	169550	-3.7

Source: National Association of Realtors