

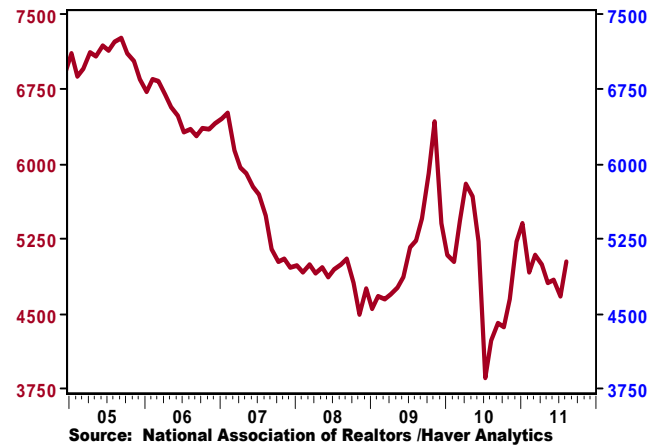
**Brian S. Wesbury** – Chief Economist  
**Robert Stein, CFA** – Senior Economist  
**Strider Elass** – Economic Analyst  
**Andrew Hull** – Economic Analyst

## August Existing Home Sales

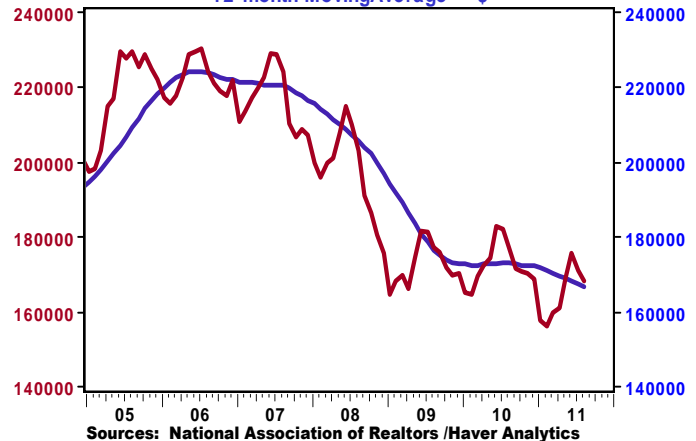
- Existing home sales rose 7.7% in August to an annual rate of 5.03 million units, easily beating the consensus expected pace of 4.75 million units. Existing home sales are up 18.6% versus a year ago.
- Sales in August were up in all major regions of the country. Almost all of the increase in overall sales was due to single-family homes. Sales of condos/coops rose slightly.
- The median price of an existing home fell to \$168,300 in August (not seasonally adjusted), and is down 5.1% versus a year ago. Average prices are down 4.0% versus last year.
- The months' supply of existing homes (how long it would take to sell the entire inventory at the current sales rate) fell to 8.5 from 9.5 in July. The drop in the months' supply was due to both the faster pace of sales as well as a smaller inventory of homes for sale.

**Implications:** Sales of existing homes rebounded sharply in August, coming in well above consensus expectations, and beating the forecast of all 74 economic groups that made predictions. What makes the 7.7% gain to a 5.03 million annual pace even more impressive is that it came in the face of financial volatility in August as well as a hurricane that hit the eastern seaboard late in the month. It would not have been surprising if these factors temporarily depressed sales, which are counted at closing. Lenders could have balked, asking for a larger down-payment or re-inspection to make sure the storm did not damage the home; buyers could have balked out of (in our view, unwarranted) concern about a double-dip recession. Despite these potential pitfalls, the strength in sales was widespread, increasing in all major regions of the country and for both single-family homes and condos/coops. While a large portion of sales came from distressed properties (such as foreclosures and short sales), this is necessary for inventories to continue to be worked off and for the housing market to ultimately recover. The inventory of existing homes is down 13.1% in the past year and homes available for sale this August were at the lowest level for any August since 2005. Despite today's good news, strict lending standards continue to making access to credit difficult, so we don't expect robust sales gains every month. In other recent news, the growth of chain store sales continues to show we are not in recession. Last week's same-store sales were up 3.4% versus a year ago according to the International Council of Shopping Centers and up 4.1% according to Redbook Research.

**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	Aug-11		Jul-11	Jun-11	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>7.7%</b>	<b>5030</b>	4670	4840	4847	4907	18.6
<b>Northeast</b>	<b>2.7%</b>	<b>770</b>	750	730	750	768	10.0
<b>Midwest</b>	<b>3.8%</b>	<b>1090</b>	1050	1040	1060	1060	26.7
<b>South</b>	<b>5.4%</b>	<b>1940</b>	1840	1870	1883	1903	16.9
<b>West</b>	<b>18.3%</b>	<b>1230</b>	1040	1190	1153	1175	20.6
<b>Median Sales Price (\$, NSA)</b>	<b>-1.7%</b>	<b>168300</b>	171200	175600	171700	167550	-5.1

Source: National Association of Realtors