

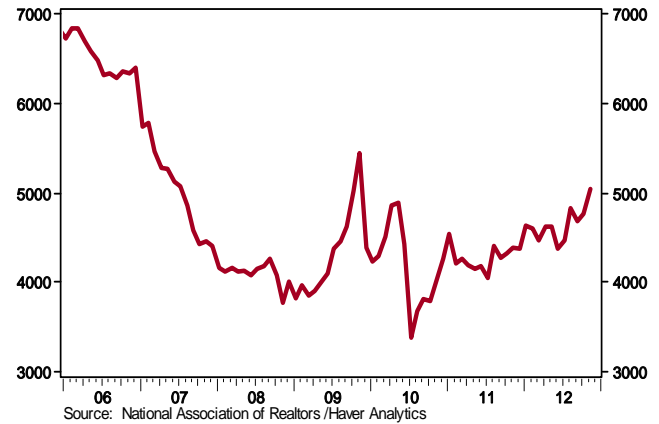
November Existing Home Sales

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- Existing home sales rose 5.9% in November to an annual rate of 5.04 million units, coming in higher than the consensus expected 4.90 million. Sales are up 14.5% versus a year ago.
- Sales in November were up in all major regions. The increase in sales was due to a faster sales pace for both single-family homes and condo/coops.
- The median price of an existing home rose to \$180,600 in November (not seasonally adjusted), and is up 10.1% versus a year ago. Average prices are up 10.3% 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 4.8 in November from 5.3 in October. The decline in the months' supply was due to a faster selling pace and lower inventories for both single-family homes and condo/coops.

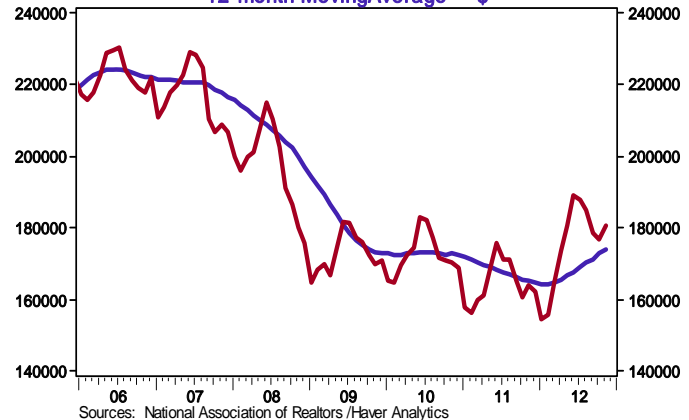
Implications: There should be no doubt the housing market is in recovery. Existing home sales rose 5.9% in November, reaching the highest sales pace since November 2009, which was artificially boosted by the \$8,000 home credit. Taking that one month out, this is the highest rate of sales since July 2007. Sales are up 14.5% from a year ago. Meanwhile, the inventory of existing homes fell to 2.03 million in November from 2.11 million in October, the lowest level since December 2001. Inventories are down 22.5% from a year ago and the months' supply of homes (how long it would take to sell the entire inventory at the current selling rate) fell to 4.8, the lowest level since October 2005. Just a year ago, the months' supply was 7.1. In the year ahead, higher prices and sales volumes should lure more potential sellers into the market. The 10.1% gain in median prices versus a year ago can be attributed to a couple of factors. First, a lack of inventory while demand is picking up. Second, fewer distressed sales and more sales of larger homes. In general, it still remains tougher than normal to buy a home. Despite record low mortgage rates, home buyers face very tight credit conditions. Tight credit conditions would also explain why all-cash transactions accounted for 30 percent of purchases in November versus a traditional share of about 10 percent. Those with cash are able to take advantage of home prices that are extremely low relative to fundamentals (such as rents and replacement costs); for them, it's a great time to buy. With credit conditions remaining tight, we don't expect a huge increase in home sales anytime soon, but the housing market is definitely on the mend. In other housing news this morning, the FHFA index, which measures prices for homes financed by conforming loans, increased 0.5% in October and is up 5.6% from a year ago.

NAR Total Existing Home Sales, United States
 SAAR, Thous



Existing Homes: Median Sales Price

Existing Homes: Median Sales Price 12-month Moving Average



Existing Home Sales	Nov-12		Oct-12	Sep-12	3-month	6-month	Yr to Yr % Change
	% Ch.	level					
<i>Seasonally Adjusted Unless Noted, Levels in Thous.</i>							
Existing Home Sales	5.9%	5040	4760	4690	4830	4693	14.5
Northeast	6.9%	620	580	590	597	590	14.8
Midwest	7.2%	1190	1110	1090	1130	1093	21.4
South	7.9%	2040	1890	1880	1937	1872	17.2
West	0.8%	1190	1180	1130	1167	1138	4.4
Median Sales Price (\$, NSA)	2.1%	180600	176900	178300	178600	182883	10.1

Source: National Association of Realtors