

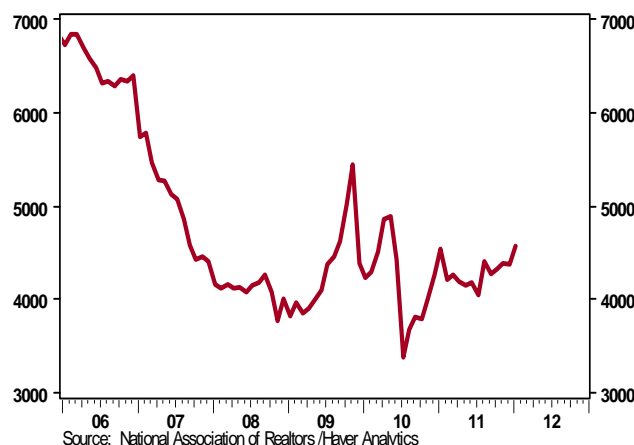
## January Existing Home Sales

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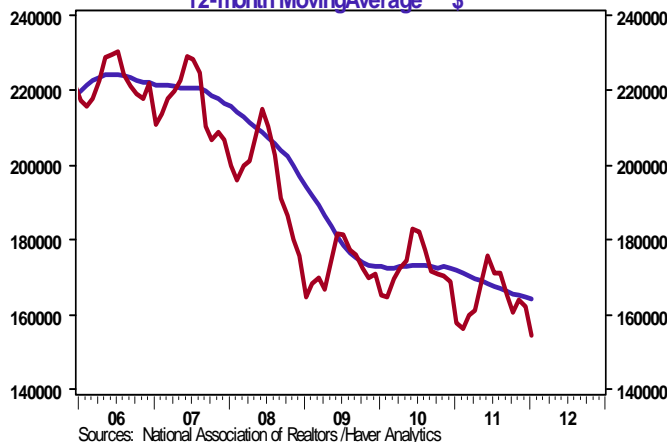
- Existing home sales increased 4.3% in January to an annual rate of 4.57 million units. The monthly increase was larger than the consensus expected, but the level was lower because December was revised down significantly. Existing home sales are up 0.7% versus a year ago.
- Sales in December were up in all major regions of the country. Most of the increase in overall sales was due to single-family homes; sales of condos/coops also rose for the month.
- The median price of an existing home fell to \$154,700 in January (not seasonally adjusted), and is down 2.0% versus a year ago. Average prices are down 2.2% 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 6.1 in January from 6.4 last month. The decline in the months' supply was mostly due to a faster pace of sales. The inventory of homes for sale also fell slightly.

**Implications:** Home sales are slowly but surely headed up. Existing home sales increased 4.3% in January to the highest level since May 2010. More importantly, the inventory of existing homes is down 21% versus last year and at the lowest level since 2005. As a result, the months' supply of unsold homes is down to 6.1, the lowest since March 2005. Even with this great news the National Association of Realtors said cancelled contracts to buy existing homes remained at 33% in January, which is three times the normal level. These figures suggest that, despite record low mortgage rates, home buyers still face very tight credit conditions. Tight credit conditions would also explain why all-cash transactions accounted for 31 percent of purchases in January 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 any time soon, but, inventories are in decline and the housing market is on the mend.

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 <i>Seasonally Adjusted Unless Noted, Levels in Thous.</i>	Jan-12		Dec-11	Nov-11	3-month	6-month	Yr to Yr % Change
	% Ch.	level					
<b>Existing Home Sales</b>	4.3%	4570	4380	4400	4450	4393	0.7
<b>Northeast</b>	3.4%	600	580	540	573	560	7.1
<b>Midwest</b>	1.0%	980	970	980	977	957	3.2
<b>South</b>	3.5%	1760	1700	1740	1733	1722	0.0
<b>West</b>	8.8%	1230	1130	1140	1167	1155	-3.1
<b>Median Sales Price (\$, NSA)</b>	-4.6%	154700	162200	164000	160300	163033	-2.0

Source: National Association of Realtors