

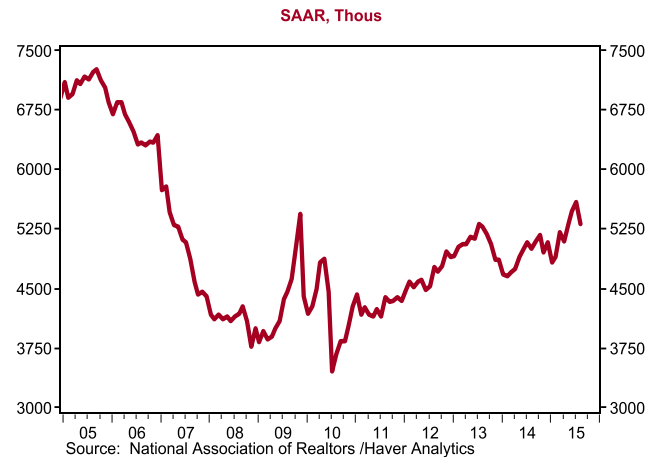
August Existing Home Sales

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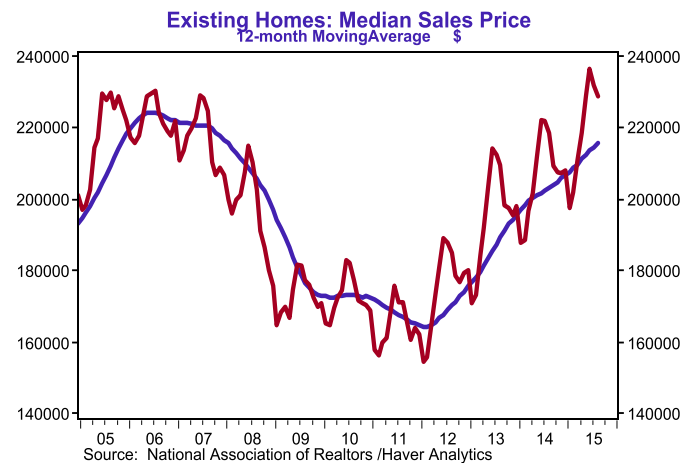
- Existing home sales declined 4.8% in August to a 5.31 million annual rate, coming in below the consensus expected 5.50 million. Sales are up 6.2% versus a year ago.
- Sales fell in the West, the South, and the Midwest, and remained unchanged in the Northeast. The decline was almost all due to a drop in single-family homes, although sales of condos/coops slipped as well.
- The median price of an existing home fell to \$228,700 in August (not seasonally adjusted) but is up 4.7% versus a year ago. Average prices are up 3.0% versus last year.
- The months' supply of existing homes (how long it would take to sell the entire inventory at the current sales rate) rose to 5.2 months in August from 4.9 in July, due to both a slower sales pace as well as an increase in inventories.

Implications: After three consecutive months of gains, existing home sales took a breather to close out the summer as relatively tight inventories continue to restrict buyers' options. Sales of previously owned homes fell to a 5.31 million annual rate in August, a slower pace than any forecast from any economic group. However, you know we're in a housing recovery when sales can fall far short of expectations and still be up 6.2% from a year ago. We expect the rising trend to continue. All-cash buyers accounted for 22% of sales in August, down slightly from 23% a year ago. As a result, while total sales are up a healthy 6.2% from a year ago, non-cash sales (where the buyer uses a mortgage loan) are up 7.6%. So as all-cash sales eventually bottom out, total sales will start rising at a more rapid pace. The gain in mortgage-financed sales suggests a long-overdue thaw in lending. What's interesting is that the percentage of buyers using credit has increased as the Fed tapered and then ended QE. Those predicting a housing crash without more QE were completely wrong. According to a study released by the NAR earlier this month homebuilding activity continues to be insufficient in most metro areas and is contributing to the shortage of housing as well as the ongoing price gains we are seeing. However, the market will fix this problem. Higher prices should lure "on-the-fence" sellers into the market, boosting inventory, and increasing sales in the year ahead. The bottom line is that the trend in housing continues to be healthy and the plow horse continues to march on.

NAR Total Existing Home Sales, United States



Existing Homes: Median Sales Price



Existing Home Sales	Aug-15		Jul-15	Jun-15	3-month	6-month	Yr to Yr % Change
	% Ch.	level					
<i>Seasonally Adjusted Unless Noted, Levels in Thous.</i>							
Existing Home Sales	-4.8%	5310	5580	5480	5457	5332	6.2
<i>Northeast</i>	<i>0.0%</i>	<i>700</i>	700	720	707	678	6.1
<i>Midwest</i>	<i>-1.5%</i>	<i>1280</i>	1300	1320	1300	1265	5.8
<i>South</i>	<i>-6.6%</i>	<i>2140</i>	2290	2200	2210	2177	5.9
<i>West</i>	<i>-7.8%</i>	<i>1190</i>	1290	1240	1240	1212	7.2
Median Sales Price (\$, NSA)	-1.3%	228700	231800	236300	232267	225850	4.7

Source: National Association of Realtors

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