



## DAILY ECONOMIC COMMENTARY

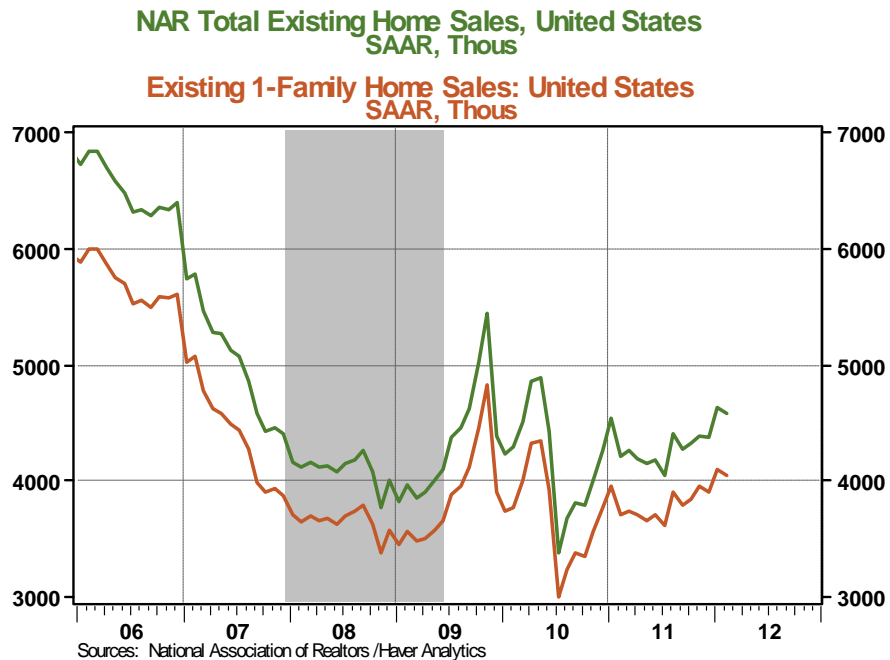
### Existing Home Sales: Sales Slip, But Inventory and Median Price Post Improvements

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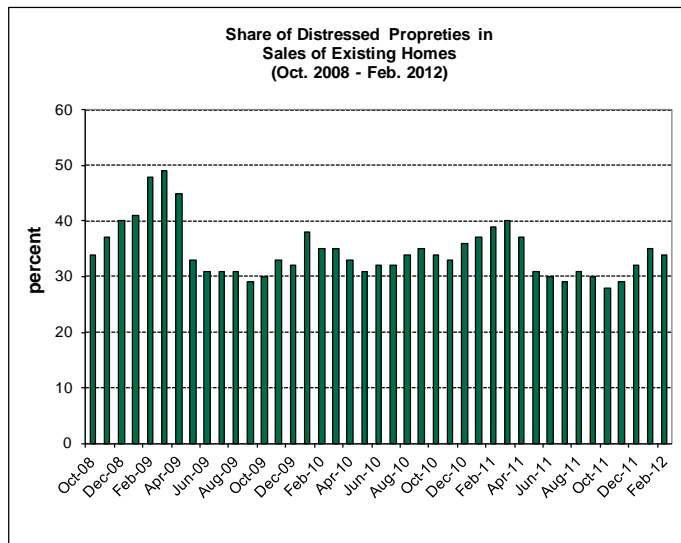
Sales of all existing homes slipped 0.9% to an annual rate of 4.59 million units in February. Purchases of existing single-family homes declined 1.0% to an annual rate of 4.06 million units. Sales of existing homes fell in the Northeast (-3.3%) and West (-3.2%) but advanced in the Midwest (+1.0%) and South (+0.6%).

Chart 1



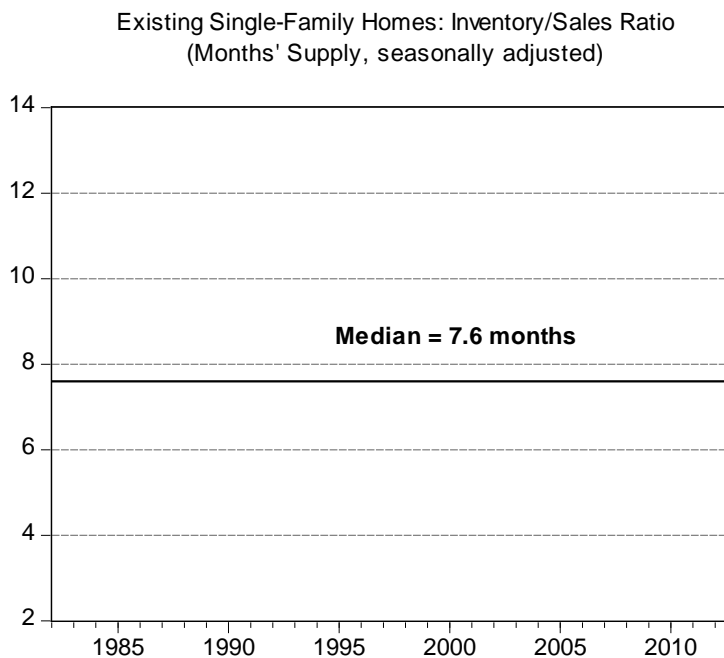
The share of distressed properties (foreclosures and short sales) inched down to 34% in February from 35% in January. Distressed homes made up 39% of sales in February 2011.

Chart 2



The seasonally adjusted inventory of unsold single-family homes edged down to 6.4-month supply in February from 6.7-month supply in January. The historical median for the inventory-sales ratio is 7.6-month supply (see Chart 3).

Chart 3

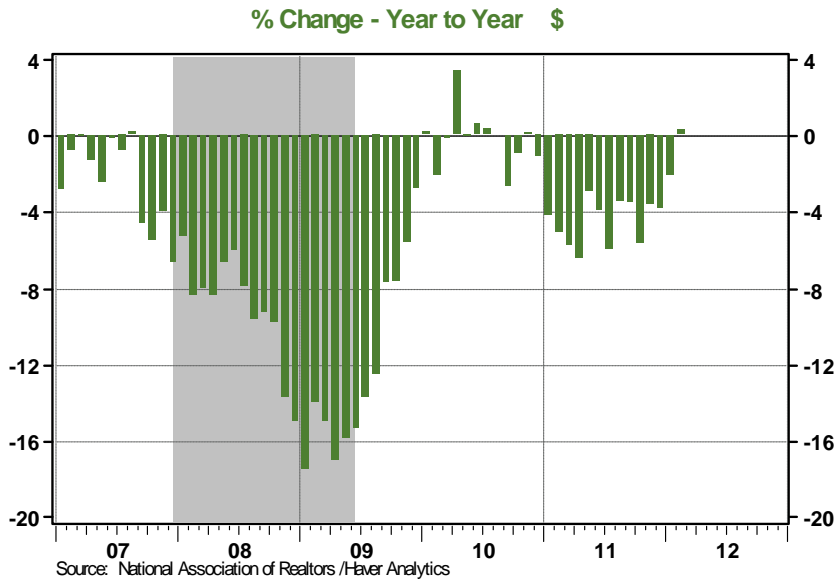


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The median price of an existing single-family home rose 1.6% to \$217,100 during February from the previous month. On a year-to-year basis, the median price of an existing single-family home has moved 0.1% in February, the first positive reading since November 2010 (see Chart 4).

Chart 4

**NAR Median Sales Price: Total Existing Homes, United States**



The February increase in the median price is noteworthy, but the durability of the upward trend is questionable because there are a large of foreclosed homes in the marketplace and there also 11.1 million, or 22.8%, of all outstanding residential mortgages that are underwater. The supply-demand imbalance suggests that the possibility of lower home prices will remain on the radar screen in the near term.

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