

DAILY GLOBAL  
COMMENTARY

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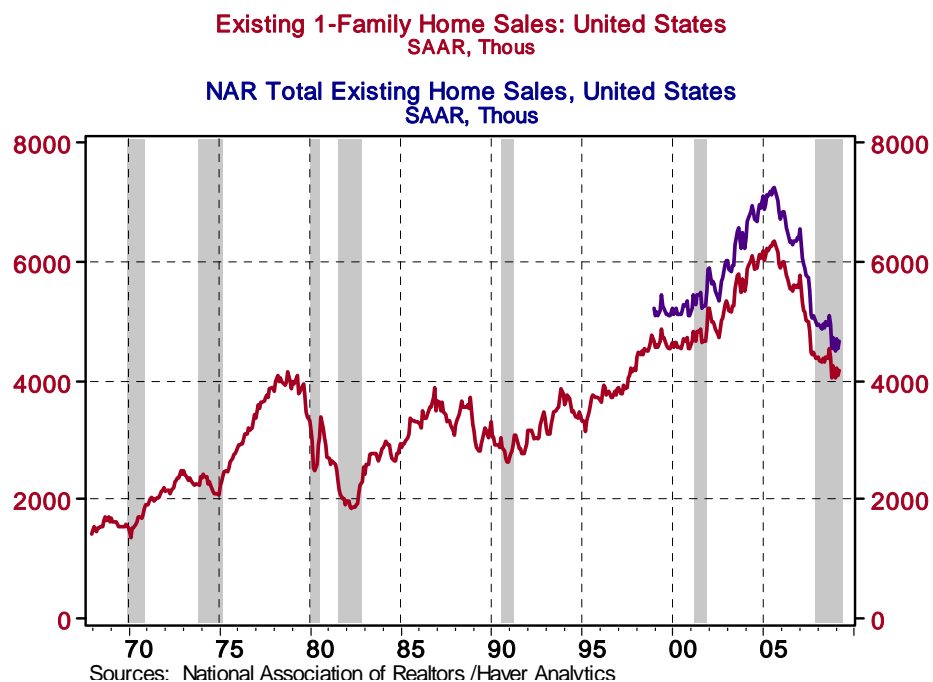
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## Sales of Existing Homes Moved Up, but Inventories Remain Elevated

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Sales of existing homes increased 2.9% in April to an annual rate of 4.68 million. Purchases of both single-family (+2.5%) and multi-family homes (+6.4%) advanced in April. On a regional basis sales increased in the Northeast (+11.6%), South (+1.8%) and West (+3.5%) but fell 2.00% in the Midwest. The impact of auto industry restructuring is reflected in the weakness of home sales in the Midwest.

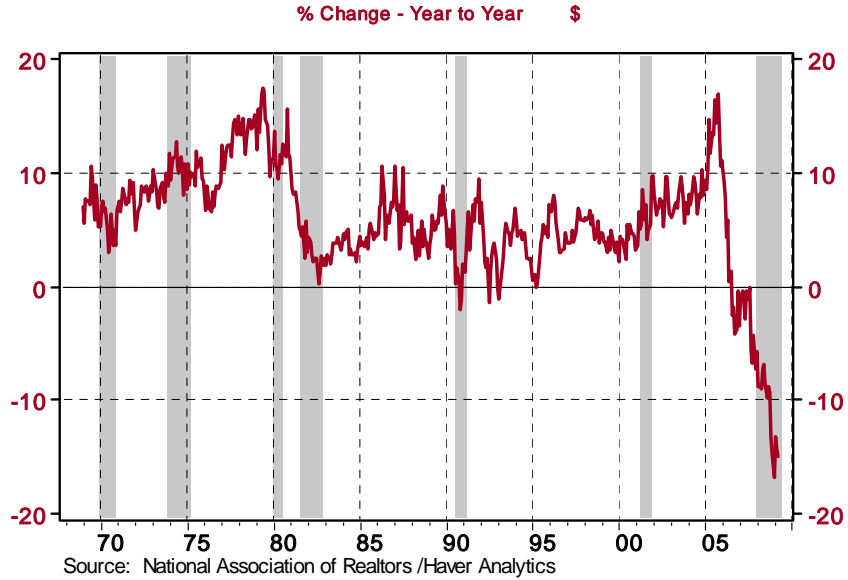
Chart 1



Sales of existing single-family homes in the first four months of the year have held in a narrow range of 4.05 million to 4.22 million homes, suggesting that the worst in home sales is most likely behind us (see chart 1).

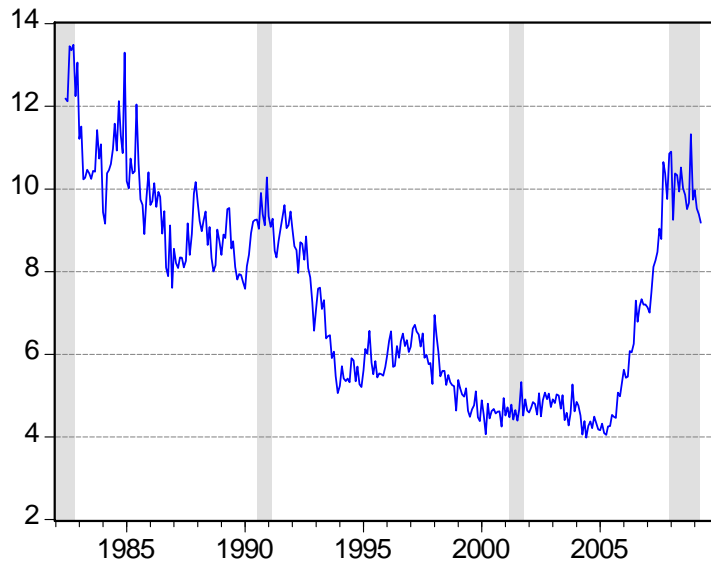
The median price of an existing single-family home rose slightly to \$169,800 in April, marking the third consecutive monthly gain. However, on a year-to-year basis, the median price of an existing single-family home declined 14.9% in April vs. a 14.1% drop in March. The 16.7% drop in January 2009 from a year ago appears to be the largest monthly decline for the current business cycle.

Chart 2  
**NAR Median Sales Price: Existing 1-Family Homes, United States**



There was a small improvement in the seasonally adjusted inventories of unsold single-family homes in April to a 9.18-month supply mark, down from a 9.38-month reading in March. The median inventories-sales ratio of existing home sales for the period June 1982 – April 2009 is a 7.11-month supply, with the ratio holding closer to a 5-month supply in the decade ending 2005 (see chart 3). The still elevated level of inventories augurs poorly for home prices in the months ahead.

Chart 3  
**Existing Single-Family Homes - Inventories/Sales Ratio**  
 Months' Supply, SA



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**Table 1 Sales of Existing Single-Family Homes across Business Cycles**

Recession - Economy	Peak of Single-Family Existing home sales		Trough of Single-Family Existing home sales		Peak-to-trough change (percent)
	Date	'000s units	Date	'000s units	
<b>Dec. 69-Nov.70</b>	Dec-68	1710	Mar-70	1370	-19.88%
<b>Nov. 73-Mar.75</b>	Feb-74	2380	Jan-75	2060	-13.45%
<b>Jan.80-Jul. 80</b>	Nov-78	4150	May-80	2480	-40.24%
<b>Jul.81-Nov. 82</b>	Sep-80	3400	May-82	1860	-45.29%
<b>Jul. 90-Mar.91</b>	Dec-88	3730	Dec-90	2620	-29.76%
<b>Mar. 01-Nov. 01</b>	Mar-01	4830	Sep-01	4630	-4.14%
<b>Current cycle</b>	Sep-05	6340	Jan-09	4050	-36.12%
			Apr-09	4180	-34.07%

**Table 2 Median Prices of an Existing Single-Family Home across Business Cycles**

Recession - Economy	Peak of Median Price Existing Single-Family Home		Trough of Median Price Existing Single-Family Home		Peak-to-trough change (percent)
	Date	\$	Date	\$	
<b>Dec. 69-Nov.70</b>	Jul-70	23,700	Oct-70	22,700	-4.22%
<b>Nov. 73-Mar.75</b>	Jul-74	33,000	Oct-74	31,900	-3.33%
<b>Jan.80-Jul. 80</b>	Jun-79	56,800	Nov-79	55,600	-2.11%
<b>Jul.81-Nov. 82</b>	Jun-82	69,400	Oct-82	66,900	-3.60%
<b>Jul. 90-Mar.91</b>	Jun-90	101,200	Dec-90	94,200	-6.92%
<b>Mar. 01-Nov. 01</b>	Jun-01	160,800	Oct-01	153,800	-4.35%
<b>Current cycle</b>	Jul-06	230,900	Jan-09	164,200	-28.89%
			Apr-09	169,800	-26.46%

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