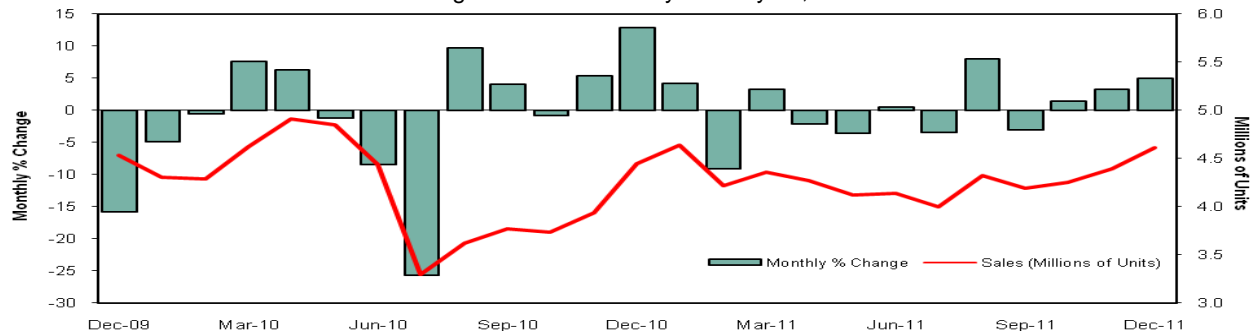


THIRD CONSECUTIVE MONTH OF GAINS

Existing Home Sales Friday January 20, 2012



Record High: 7.25 M (09/05)

Percent Change from Record High: -36.4%

Existing home sales rose 5.0% in December to an annual rate of 4.61 million. The third consecutive monthly gain was roughly in line with economists' estimates. In December, all cash sales accounted for 31% of transactions; distressed sales comprised 32% of the total, first-time buyers accounted for 31% of sales while investors made up 21% of total transactions. Existing home sales are now 3.6% above their year ago level. Contract failures were reported by 33% of NAR members last month indicating sales could have been much higher. Regionally, sales were up in all areas with a 2.6% gain in the West, a 2.9% rise in the South and an 8.3% increase in the Midwest. Sales gained 10.7% in the Northeast. The inventory of homes available for sale fell 9.2% last month to 2.380 million which represents a 6.2 month-supply at the current sales pace. Anecdotal evidence suggests that there is a large shadow inventory of homes available for sale, especially bank owned properties. That will continue to weigh on prices going forward. Indeed, home prices declined again in December with the median price for an existing home down 2.5% over the past year to \$164,500 as average prices dropped 2.7% to \$212,000. The positives supporting the housing market recovery remain tentative. For now, stronger economic and job growth in the fourth quarter lifted home sales, though pricing remains a weak spot. Contract failures continue to weigh on overall sales. Economists expect home resales to slowly rise from a very deep bottom in coming months with a price and sales recovery beginning possibly later in the year.

MILLIONS OF UNITS

Forecast:	4.50 M
Consensus*:	4.60 M
Actual:	4.61 M

	Monthly Changes				Average Changes for					
	Dec-11	Nov-11	Oct-11	Sep-11	Three Month	Six Month	Twelve Month	2010	2009	Five Year

Existing Home Sales (millions)	4.61	4.39	4.25	4.19	4.42	4.29	4.29	4.19	4.34	4.84	5.51
(percent change)	5.0	3.3	1.4	-3.0							
(year-on-year percent change)	3.6	11.4	13.6	11.1				-3.4	5.6		

Northeast (thousands)	620	560	510	540	563	547	543	583	573	826	903
(percent change)	10.7	9.8	-5.6	0.0				1.6	-19.7		
Midwest (thousands)	1,040	960	920	910	973	942	924	983	953	1,242	1,306
(percent change)	8.3	4.3	1.1	-2.2				3.1	-20.0		
South (thousands)	1,760	1,710	1,700	1,670	1,723	1,692	1,688	1,633	1,596	2,115	2,128
(percent change)	2.9	0.6	1.8	-1.2				2.3	-22.7		
West (thousands)	1,190	1,160	1,120	1,070	1,157	1,113	1,138	1,138	984	1,233	1,277
(percent change)	2.6	3.6	4.7	-7.8				15.6	-8.1		

Inventory (thousands)	2,380	2,620	2,740	2,900	2,580	2,802	2,938	3,019	2,741	3,172	2,725
(percent change)	-9.2	-4.4	-5.5	-4.0							
(year-on-year percent change)	-21.2	-16.8	-16.7	-15.0				10.1	-12.5		
Months' Supply	6.2	7.2	7.7	8.3	7.0	7.9	8.2	8.7	7.6	8.0	6.2

Median Sales Price (\$000)	164.5	160.8	160.8	165.3	162.0	165.6	164.5	172.4	172.8	196.2	188.5
(year-on-year percent change)	-2.5	-5.5	-5.7	-3.6				-0.2	-12.4		

Average Sales Price (\$000)	212.0	210.4	205.9	212.8	209.4	213.5	212.5	219.5	216.9	241.3	232.4
(year-on-year percent change)	-2.7	-3.5	-5.7	-2.4				1.2	-10.1		