

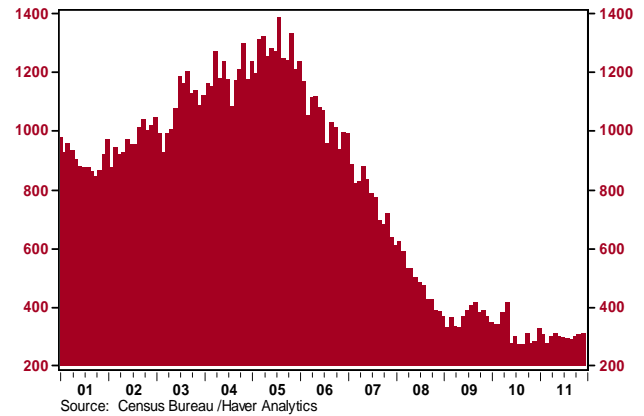
Brian S. Wesbury – Chief Economist
Robert Stein, CFA – Senior Economist
Strider Elass – Economic Analyst
Andrew Hull – Economic Analyst

November New Home Sales

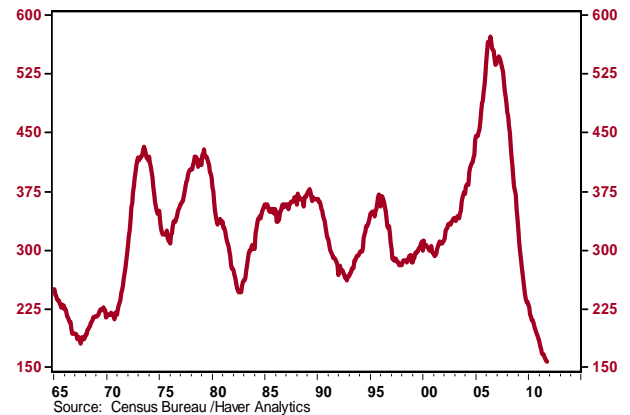
- New single-family home sales increased 1.6% in November to a 315,000 annual rate, exactly as the consensus expected.
- Sales were up in the Midwest and South, but down in the Northeast and West.
- At the current sales pace, the months' supply of new homes (how long it would take to sell the homes in inventory) dropped to 6.0. The decline in the months' supply was due to both the faster pace of sales and lower inventories. Inventories are the lowest level on record, dating back to 1963.
- The median price of new homes sold was \$214,100 in November, down 2.5% from a year ago. The average price of new homes sold was \$242,900, down 13.8% versus last year.

Implications: New home sales came in exactly as the consensus expected in November, at an annual pace of 315,000. Sales remain in the narrow range they have been in since May 2010. Sometime over the next several years, new home sales will rise to an annual pace of about 950,000. But, given tight credit conditions and the large inventory of bargain-priced existing homes – particularly those in foreclosure or being sold short – this will not happen anytime soon. The best news in today's report was that the months' supply of new homes fell to 6.0 months in November, the lowest since early 2006, when the housing bubble was just starting to burst. Before the late 1990s, a six months supply would have been considered normal. The number of unsold new homes under construction is at a new record low and the number of unsold completed new homes is approaching a record low. This is exactly what needs to happen for there to be a sustained recovery in housing. One positive sign is that builders are wise to the rapid reductions in inventories. The inventory of new homes where construction has yet to start (permits are issued, but building has not begun) is gradually rising – up 8% from a year ago. In other words, builders are getting ready for an increase in demand. On the pricing front, the median new home price is down 2.5% from a year ago. Average prices are down 13.8% from a year ago, but that's because prices spiked temporarily late last year, so the comparison is skewed. In other recent home price news, the FHFA index, a measure for homes financed by conforming mortgages, declined 0.2% in October and is down 2.8% from a year ago.

New 1-Family Houses Sold: United States
 SAAR, Thous



New 1-Family Houses For Sale: United States
 SA, Thous



New Home Sales	Nov-11		Oct-11	Sep-11	3-mo moving avg	6-mo moving avg	Yr to Yr % Change
	% Ch	Level					
<i>All Data Seasonally Adjusted, Levels in Thousands</i>							
New Single Family Homes Sales	1.6%	315	310	306	310	303	9.8
Northeast	-26.3%	14	19	20	18	19	-30.0
Midwest	7.5%	57	53	46	52	49	62.9
South	12.9%	175	155	175	168	166	6.7
West	-16.9%	69	83	65	72	69	1.5
Median Sales Price (\$, NSA)	-3.8%	214,100	222,600	215,100	217,267	223,583	-2.5
		Nov-11	Oct-11	Sep-11	3-mo Avg	6-mo Avg	12-mo Avg
Months' Supply at Current Sales Rate (Levels)		6.0	6.2	6.3	6.2	6.4	6.7

Source: Bureau of the Census

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