

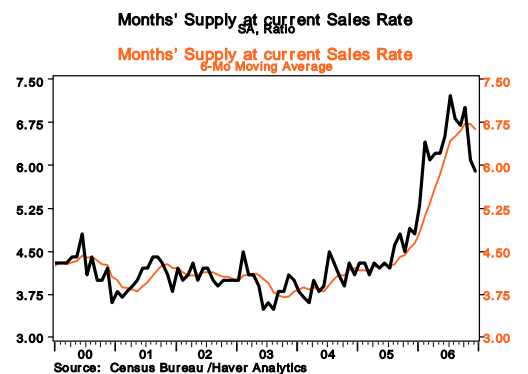
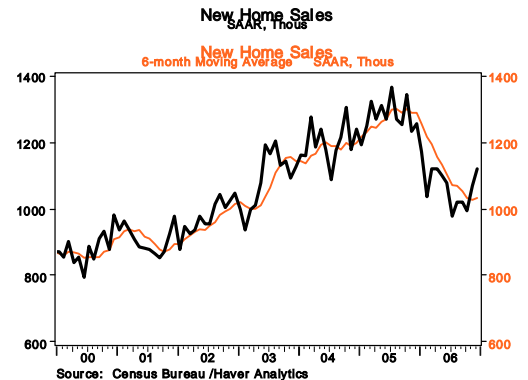


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## DECEMBER NEW HOME SALES

- New single-family home sales increased 4.8% in December to an annual rate of 1.120 million. This was stronger than the 1.052 million rate expected by the consensus and the fastest rate of sales since April 2006. The growth in new home sales was mainly due to strength in the Northeast and Midwest.
- The median price of a new home was \$235,000 in December, an increase of 1.2% from November. However, November new home prices were revised down substantially, to \$232,200 from the previous estimate of \$251,700.
- The median price of a new home is down 1.5% versus last year while the average price of a new home is unchanged versus last year. However, after adjusting for changes in the quality of new homes, fourth quarter prices were up 3.5% versus last year.
- At the current sales pace, the supply of unsold new homes declined to 5.9 months in December, the lowest level since January 2006, and down considerably from 7.2 months in July. It appears builders are continuing to work off inventories.

**Implications:** Today's report on new homes sales reinforces the message from yesterday's report on existing home sales that the housing market is mixed, not in an all-out, free-fall. Prices and total sales, for new homes and existing homes combined, appear to be leveling off. Meanwhile, inventories are falling, making room for a rebound in residential construction late in 2007.



New Home Sales <i>All Data Seasonally Adjusted, Levels in Thousands</i>	Dec-06		Nov-06	Oct-06	3-mo moving avg	6-mo moving avg	Yr to Yr % Change
	% Ch	Level					
<b>New Single Family Homes Sales</b>	<b>4.8%</b>	<b>1,120</b>	1,069	995	1,061	1,034	-11.0
Northeast	27.3%	84	66	40	63	66	18.3
Midwest	26.6%	200	158	142	167	155	-2.4
South	0.3%	597	595	567	586	568	-8.9
West	-4.4%	239	250	246	245	245	-27.1
<b>Median Sales Price (\$ NSA)</b>	<b>1.2%</b>	<b>235,000</b>	232,200	244,700	237,300	236,767	-1.5
		<b>Dec-06</b>	<b>Nov-06</b>	<b>Oct-06</b>	<b>3-mo Avg</b>	<b>6-mo Avg</b>	<b>12-mo Avg</b>
<b>Months' Supply at Current Sales Rate (Levels)</b>		<b>5.9</b>	6.1	7.0	6.3	6.6	6.4

Source: Bureau of the Census