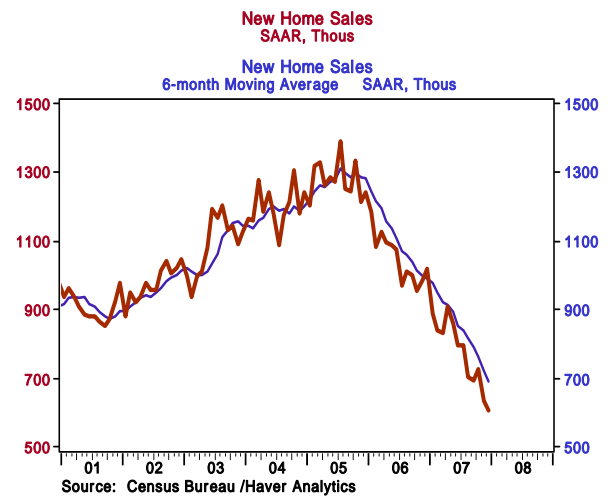


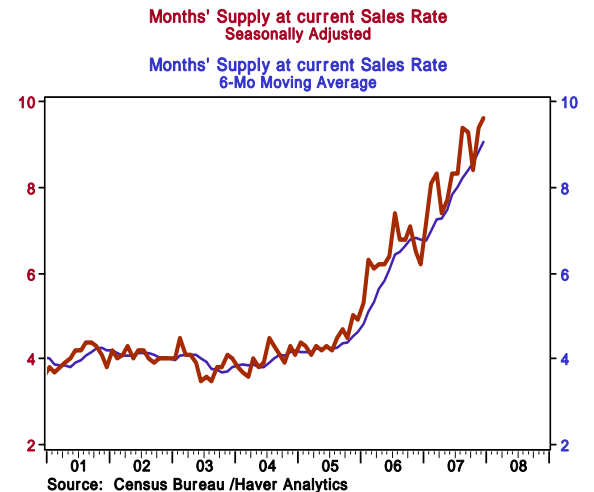
## DECEMBER NEW HOME SALES

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- New single-family homes were sold at an annual rate of 604,000 in December versus a consensus expected 645,000. Sales are down 40.7% versus a year ago. The pace of sales is the slowest since 1995.
- By region, sales declined the most in the South but also in the West and Midwest. Sales increased slightly in the Northeast.
- At the current sales pace, the supply of unsold new homes rose to 9.6 months in December from 9.4 months in November. All of the increase in the months' supply was due to slower sales. The actual inventory of new homes fell to 495,000, the lowest in more than two years.
- The median price of new homes sold was \$219,200 in December, down 10.4% versus a year ago. The average price of new homes sold declined to \$267,300, down 11.5% versus last year.



**Implications:** Sales of new homes continued to plummet in December and are now down 56.5% from the peak in mid-2005. Weakness in housing is translating into steep price declines. The median price of an existing home fell 10.4% in 2007, the largest drop since 1970; the average price fell 11.5%, the largest drop on record (going back to the mid-1970s). Expect more price declines in the year ahead. The months' supply of new homes (how many months it would take to clear out inventories at the current sales rate) is the highest since 1981. That said, builders are doing what they must do to bring the housing market back into equilibrium. Relative to home sales, the pace of housing starts in the fourth quarter was the lowest in 25 years. This will eventually result in a decline in the number of completed homes for sale.



New Home Sales <i>All Data Seasonally Adjusted, Levels in Thousands</i>	Dec-07		Nov-07	Oct-07	3-mo moving avg	6-mo moving avg	Yr to Yr % Change
	% Ch	Level					
<b>New Single Family Homes Sales</b>	-4.7%	604	634	725	654	692	-40.7
<b>Northeast</b>	6.0%	53	50	63	55	56	-27.4
<b>Midwest</b>	-1.2%	80	81	130	97	103	-55.8
<b>South</b>	-6.5%	330	353	384	356	369	-36.3
<b>West</b>	-6.0%	141	150	148	146	164	-42.9
<b>Median Sales Price (\$, NSA)</b>	-10.9%	219,200	245,900	229,700	231,600	236,300	-10.4
		<b>Dec-07</b>	<b>Nov-07</b>	<b>Oct-07</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>		9.6	9.4	8.4	9.1	9.1	8.5

Source: Bureau of the Census

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