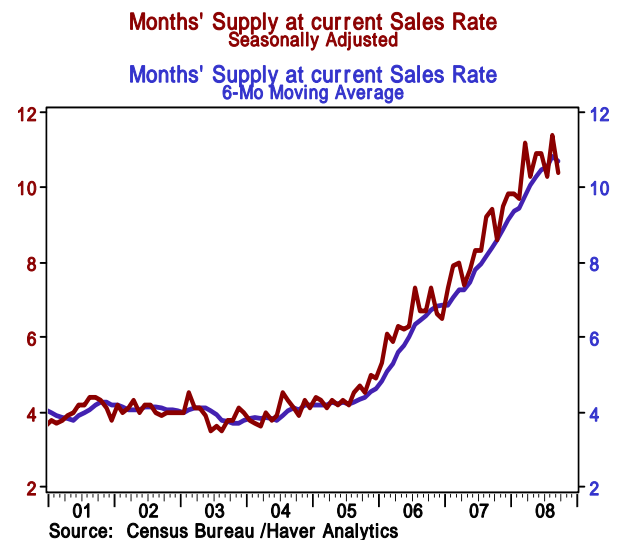
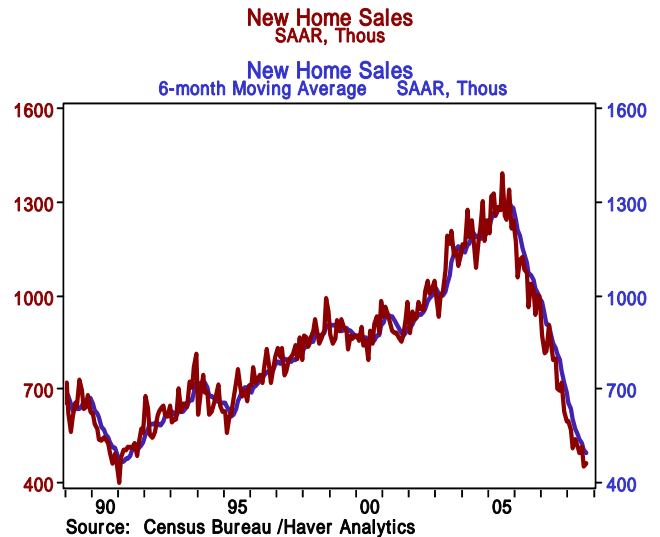


SEPTEMBER NEW HOME SALES

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- New single-family homes were sold at an annual rate of 464,000 in September, faster than the consensus expected 450,000 pace. Sales are down 33.1% versus a year ago and down 66.6% versus the peak in 2005.
- Sales rebounded in the West, were up slightly in the South, but fell in the Northeast and Midwest.
- At the current sales pace, the supply of unsold new homes declined to 10.4 months in September. The inventory of new homes fell to 396,000 in September, down 30.5% from the peak in mid-2006.
- The median price of new homes sold was \$218,400 in September, down 9.1% versus a year ago. The average price of new homes sold was \$275,500, down 5.7% versus last year.

Implications: The pace of new home sales rebounded in September, suggesting the recent intensity of the credit crunch is not hurting the housing market as much as reductions in prices are helping. This was also apparent in last week's figures on existing home sales, which increased 1.4% in September. Residential builders are rapidly working off excess inventories. Total new home inventories are now down to 396,000, the lowest since 2004. The number of unsold *completed* new homes – a key factor behind future construction and price changes – peaked in January 2008 at 199,000 and is now down to 170,000, the steepest decline on record. There is more pain to come in the housing sector but the light at the end of the tunnel is gradually getting closer. We anticipate that home building will bottom in early-2009 and national average home prices will bottom in mid-2009.



New Home Sales <i>All Data Seasonally Adjusted, Levels in Thousands</i>	Sep-08		Aug-08	Jul-08	3-mo moving avg	6-mo moving avg	Yr to Yr % Change
	% Ch	Level					
New Single Family Homes Sales	2.7%	464	452	517	478	498	-33.1
Northeast	-21.4%	22	28	43	31	33	-65.1
Midwest	-5.8%	65	69	65	66	71	-37.5
South	0.7%	269	267	283	273	281	-23.8
West	22.7%	108	88	126	107	113	-37.9
Median Sales Price (\$, NSA)	-0.9%	218,400	220,400	237,300	225,367	231,017	-9.1
		Sep-08	Aug-08	Jul-08	3-mo Avg	6-mo Avg	12-mo Avg
Months' Supply at Current Sales Rate (Levels)		10.4	11.4	10.3	10.7	10.7	10.2

Source: Bureau of the Census