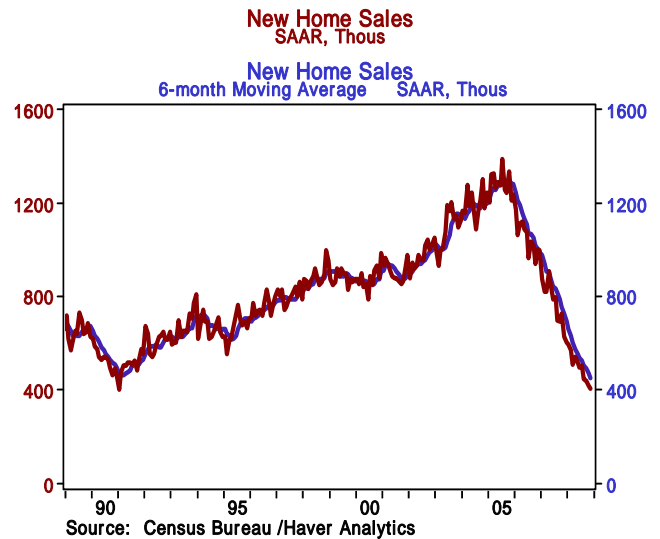


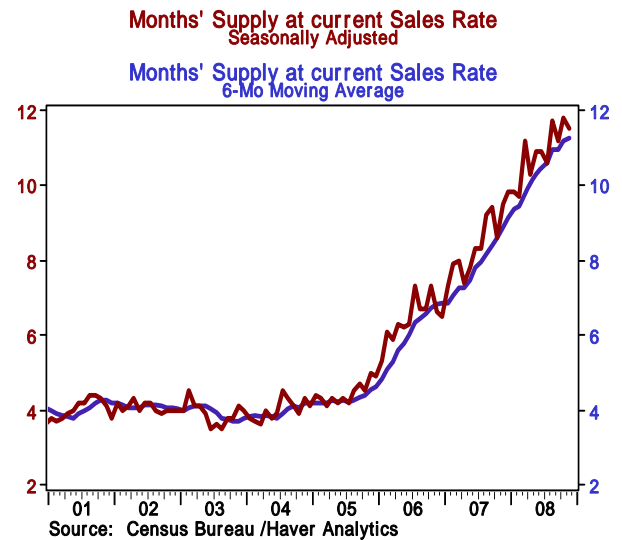
# NOVEMBER NEW HOME SALES

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- New single-family homes were sold at an annual rate of 407,000 in November, slower than the consensus expected 415,000 pace. Sales are down 35.3% versus a year ago and down 70.7% versus the peak in 2005.
- Sales were down in the Midwest and South, but up in the Northeast and West.
- At the current sales pace, the supply of unsold new homes fell to 11.5 months in November. The inventory of new homes fell to 372,000, down 34.7% from the peak in mid-2006.
- The median price of new homes sold was \$220,400 in November, down 11.5% versus a year ago. The average price of new homes sold was \$287,000, down 9.2% versus last year.



**Implications:** New single-family home sales in November dropped to the lowest level since 1991. However, part of the recent decline is due to rumors of the federal government making home purchase mortgage loans widely available at 4.5% interest. This possible offer is likely getting many potential home buyers to postpone their purchases into 2009, to see whether the incoming Obama Administration will implement this policy, which was leaked by the outgoing Bush Administration. Despite the depressed rate of sales, home builders are continuing to work off excess inventories. Total new home inventories are now down to 372,000, a reduction of almost 35% versus the peak in mid-2006. 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 172,000, 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 and prices will bottom by late 2009, leading to a housing recovery in 2010.



New Home Sales	Nov-08		Oct-08	Sep-08	3-mo moving avg	6-mo moving avg	Yr to Yr % Change
	% Ch	Level					
<i>All Data Seasonally Adjusted, Levels in Thousands</i>							
<b>New Single Family Homes Sales</b>	<b>-2.9%</b>	<b>407</b>	419	442	423	453	-35.3
<b>Northeast</b>	<b>14.3%</b>	<b>40</b>	35	26	34	34	-27.3
<b>Midwest</b>	<b>-16.4%</b>	<b>56</b>	67	64	62	66	-34.9
<b>South</b>	<b>-7.1%</b>	<b>210</b>	226	247	228	248	-38.1
<b>West</b>	<b>11.0%</b>	<b>101</b>	91	105	99	105	-32.2
<b>Median Sales Price (\$, NSA)</b>	<b>2.7%</b>	<b>220,400</b>	214,600	225,400	220,133	225,500	-11.5
		<b>Nov-08</b>	<b>Oct-08</b>	<b>Sep-08</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>11.5</b>	11.8	11.2	11.5	11.3	10.8

Source: Bureau of the Census

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