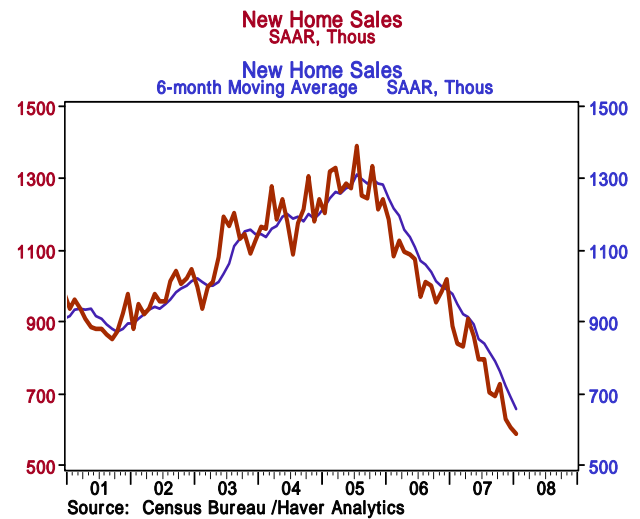


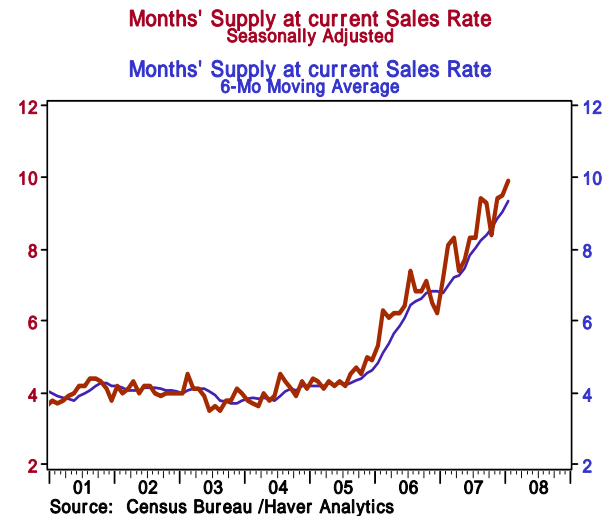
JANUARY NEW HOME SALES

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- New single-family homes were sold at an annual rate of 588,000 in January versus a consensus expected 600,000. Sales are down 33.9% versus a year ago. The pace of sales is the slowest since 1995.
- By region, sales declined in the Northeast, Midwest, and South but increased in the West.
- At the current sales pace, the supply of unsold new homes rose to 9.9 months in January from 9.5 months in December. All of the increase in the months' supply was due to slower sales. The inventory of new homes fell to 482,000, the lowest in more than two years.
- The median price of new homes sold was \$216,000 in January, down 15.1% versus a year ago. The average price of new homes sold rose to \$276,600, but is still down 12.1% versus last year.



Implications: The market for new homes is still getting weaker. Sales are down 57.7% from the peak in mid-2005 and are the slowest since 1995. Price declines versus a year ago are the steepest on record and the months' supply of new homes is the highest since 1981. However, sales are significantly below their long-term trend and probably near a bottom. In addition, the inventory of completed new homes fell 2,000 in January, perhaps signaling that a peak was hit in December 2007. In our view, it is the inventory of completed new homes that has the greatest impact on future building activity and price trends. We continue to expect that home building will bottom later this year and home prices will continue to decline through mid-2009.



New Home Sales <i>All Data Seasonally Adjusted, Levels in Thousands</i>	Jan-08		Dec-07	Nov-07	3-mo moving avg	6-mo moving avg	Yr to Yr % Change
	% Ch	Level					
New Single Family Homes Sales	-2.8%	588	605	630	608	657	-33.9
Northeast	-10.3%	52	58	56	55	59	-16.1
Midwest	-7.6%	73	79	78	77	97	-56.0
South	-2.4%	321	329	344	331	349	-34.8
West	2.2%	142	139	152	144	152	-16.5
Median Sales Price (\$, NSA)	-1.5%	216,000	219,200	245,900	227,033	231,267	-15.1
		Jan-08	Dec-07	Nov-07	3-mo Avg	6-mo Avg	12-mo Avg
Months' Supply at Current Sales Rate (Levels)		9.9	9.5	9.4	9.6	9.3	8.7

Source: Bureau of the Census