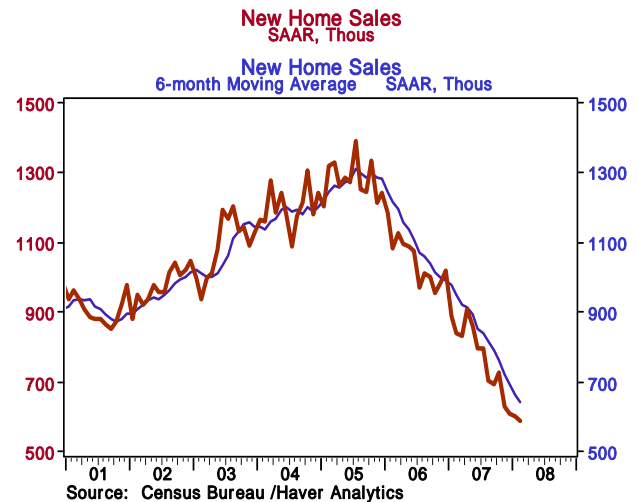


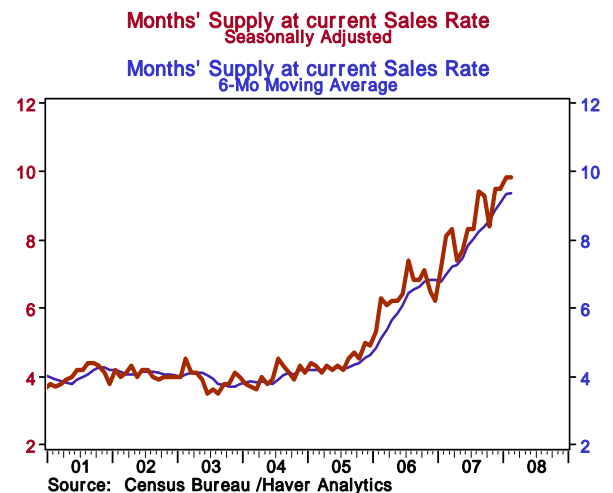
FEBRUARY NEW HOME SALES

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- New single-family homes were sold at an annual rate of 590,000 in February versus a consensus expected 578,000. Sales are down 29.8% versus a year ago. The pace of sales is the slowest since 1995.
- By region, sales declined in the Northeast and Midwest but rose in the South and West.
- At the current sales pace, the supply of unsold new homes remained unchanged at 9.8 months in February. The inventory of new homes fell to 471,000, down 16.6% from the peak in mid-2006.
- The median price of new homes sold was \$244,100 in February, down 2.7% versus a year ago. The average price of new homes sold rose to \$296,400, but is still down 7.8% versus last year.



Implications: Although some analysts will focus on the 1.8% decline in new home sales versus last month, today's report was good news for the housing sector. New home sales came in higher than expected and the decline versus last month was only due to an upward revision to last month's data. Much more important was the change in home inventories. From 1996 to 2005 the level of *completed* new homes that had yet to be sold averaged 87,000. At the end of 2007, completed new home inventories were a massive 197,000, by far the highest on record. Now these inventories have dropped two months in a row and are down to 188,000. The drop in February was the steepest in 35 years. Despite this, home building will not bottom until later this year and home prices will continue to decline through mid-2009. Yesterday's news included two price indexes for homes. The Case-Shiller index was down 10.7% versus a year ago while the OFHEO home price index was down 3%.



New Home Sales <i>All Data Seasonally Adjusted, Levels in Thousands</i>	Feb-08		Jan-08	Dec-07	3-mo moving avg	6-mo moving avg	Yr to Yr % Change
	% Ch	Level					
New Single Family Homes Sales	-1.8%	590	601	611	601	642	-29.8
Northeast	-40.3%	37	62	57	52	57	-19.6
Midwest	-6.4%	73	78	82	78	92	-42.5
South	5.7%	333	315	333	327	343	-27.9
West	0.7%	147	146	139	144	151	-28.3
Median Sales Price (\$, NSA)	8.2%	244,100	225,600	226,000	231,900	236,567	-2.7
		Feb-08	Jan-08	Dec-07	3-mo Avg	6-mo Avg	12-mo Avg
Months' Supply at Current Sales Rate (Levels)		9.8	9.8	9.5	9.7	9.4	8.8

Source: Bureau of the Census