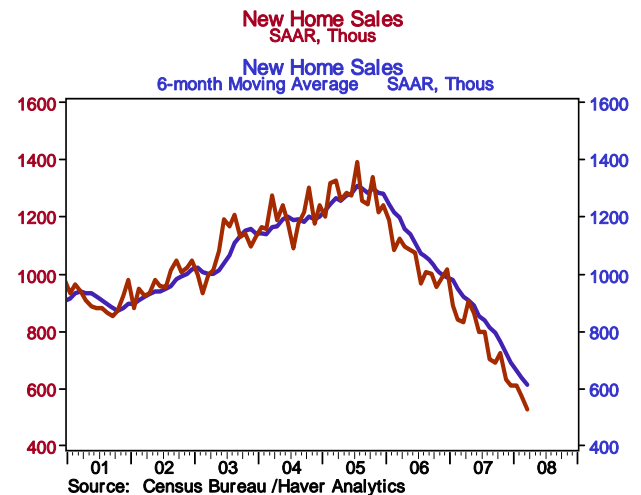


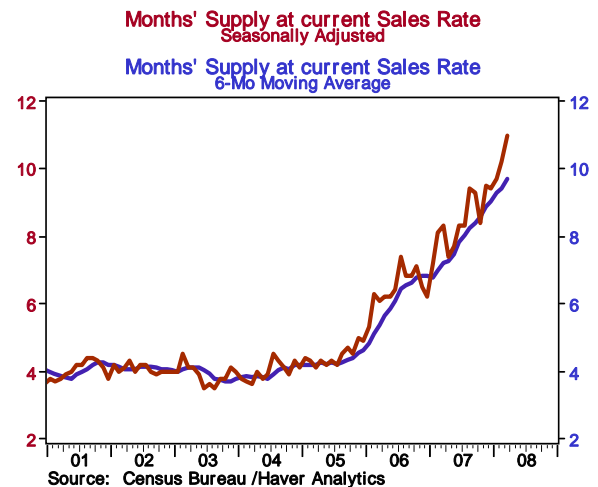
MARCH NEW HOME SALES

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- New single-family homes were sold at an annual rate of 526,000 in March, much lower than the consensus expected rate of 580,000. Sales are down 36.6% versus a year ago. The pace of sales is the slowest since 1991.
- Sales declined in every major region.
- At the current sales pace, the supply of unsold new homes increased to 11.0 months in March, the highest since 1981. All of the increase in the months' supply was due to the slowdown in the pace of sales. The inventory of new homes fell to 468,000, down 18.3% from the peak in mid-2006.
- The median price of new homes sold was \$227,600 in March, down 13.3% versus a year ago. The average price of new homes sold rose to \$292,200, but is still down 11.3% versus last year.



Implications: Today's data on new home sales is a reminder that the pain in the housing sector is not over. The pace of sales is the slowest since 1991 and the month's supply of new homes is the highest since 1981. This is consistent with our view that home building will contract deep into 2008 and that home prices will fall through mid-2009. However, the light at the end of the (long) housing tunnel is coming into clearer focus. After peaking at 198,000 in December/January, in the past two months the number of *completed* new homes that have yet to be sold has fallen 9,000. This drop will continue in the months ahead as new home sales exceed the number of new homes built for sale.



New Home Sales <i>All Data Seasonally Adjusted, Levels in Thousands</i>	Mar-08		Feb-08	Jan-08	3-mo	6-mo	Yr to Yr
	% Ch	Level			moving avg	moving avg	% Change
New Single Family Homes Sales	-8.5%	526	575	607	569	612	-36.6
Northeast	-19.4%	29	36	55	40	49	-64.6
Midwest	-12.5%	63	72	80	72	85	-50.0
South	-4.6%	312	327	324	321	337	-25.9
West	-12.9%	122	140	148	137	141	-39.3
Median Sales Price (\$, NSA)	-6.8%	227,600	244,200	232,900	234,900	235,967	-13.3
		Mar-08	Feb-08	Jan-08	3-mo Avg	6-mo Avg	12-mo Avg
Months' Supply at Current Sales Rate (Levels)		11.0	10.2	9.7	10.3	9.7	9.1

Source: Bureau of the Census