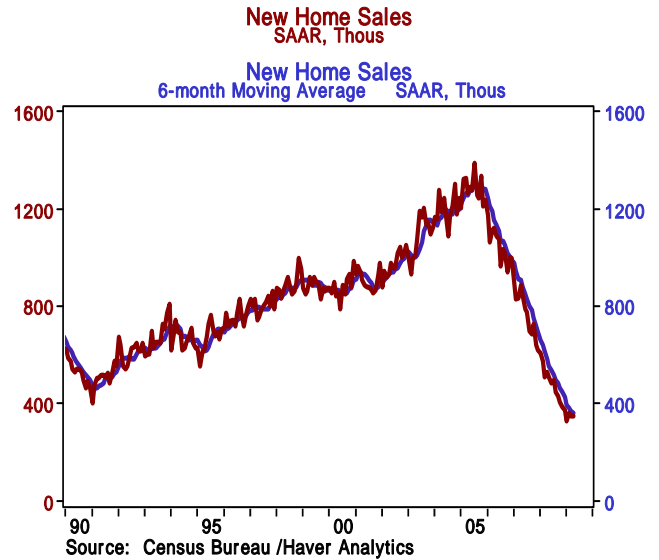


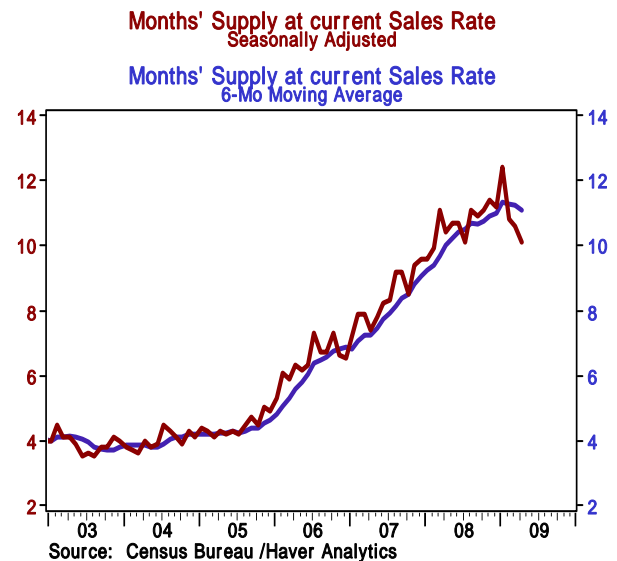
APRIL NEW HOME SALES

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- New single-family homes were sold at a 352,000 annual rate in April versus a consensus expected selling rate of 360,000. Sales are down 34.0% versus a year ago.
- Sales were up in the South, unchanged in the Northeast and Midwest, and down in the West.
- At the current sales pace, the supply of unsold new homes fell to 10.1 months in April from 10.6 in March. The decline in the month's supply was all due to a continued decline in the inventory of unsold new homes. Inventories fell to 297,000 in April, down 48.1% from the peak in mid-2006, and the lowest since 2001.
- The median price of new homes sold was \$209,700 in April, down 14.9% versus a year ago. The average price of new homes sold was \$254,000, down 19.2% versus last year.



Implications: New home sales rose slightly in April and remain well above the low set in January. We expect the trend in sales to continue to rise as they gradually return, over the next few years, to the long-term trend of 950,000 per year. Although some analysts are concerned about higher interest rates stifling home buying, we doubt higher rates will have much of a negative impact as they reflect growing confidence in an economic recovery as well as fears about inflation. Both of these factors should hasten the end of home price declines, making real estate relatively more appealing. Potential home buyers will be willing to borrow at higher mortgage rates if they expect their homes to hold their value better over time. Meanwhile, overall new home inventories continued to shrink, dropping to their lowest level since 2001. The number of unsold homes that builders are still constructing (but yet to finish) fell to the lowest level since 1970. Slow building is exactly what has to happen for overall housing inventories to eventually return to normal.



New Home Sales <i>All Data Seasonally Adjusted, Levels in Thousands</i>	Apr-09		Mar-09	Feb-09	3-mo moving avg	6-mo moving avg	Yr to Yr % Change
	% Ch	Level					
New Single Family Homes Sales	0.3%	352	351	362	355	360	-34.0
Northeast	0.0%	19	19	27	22	27	-52.5
Midwest	0.0%	45	45	50	47	51	-45.8
South	1.9%	212	208	212	211	203	-25.4
West	-3.8%	76	79	73	76	79	-39.7
Median Sales Price (\$, NSA)	3.7%	209,700	202,200	208,500	206,800	213,367	-14.9
		Apr-09	Mar-09	Feb-09	3-mo Avg	6-mo Avg	12-mo Avg
Months' Supply at Current Sales Rate (Levels)		10.1	10.6	10.8	10.5	11.1	10.9

Source: Bureau of the Census