

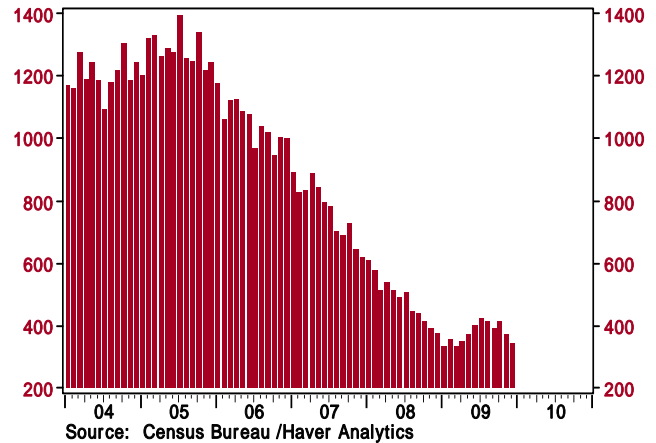
# DECEMBER NEW HOME SALES

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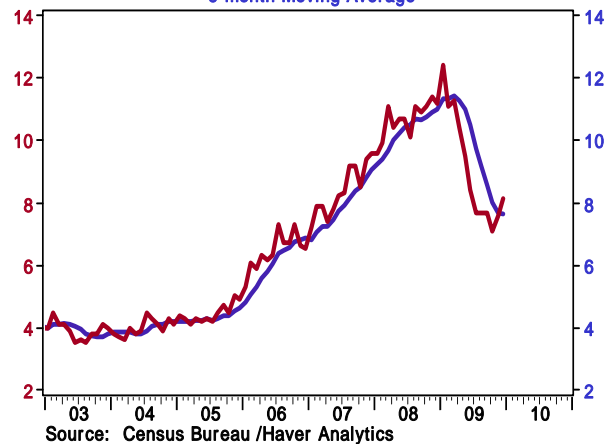
- New single-family home sales declined 7.6% in December to a 342,000 annual rate, short of the consensus expected pace of 366,000.
- Sales were down in the Midwest and South, but up in the Northeast and West.
- At the current sales pace, the supply of unsold new homes increased to 8.1 months in December. The rise in the months' supply was all due to the slower pace of sales. The actual level of inventories fell to 231,000 in December, down 59.6% from the peak in mid-2006 and the lowest since 1971.
- The median price of new homes sold was \$221,300 in December, down 3.6% from a year ago. The average price of new homes sold was \$290,600, up 10.5% versus last year.

**Implications:** New home sales fell for the second straight month in December and are nearing the cycle low set a back in January 2009. Traditionally, new homes account for about 16% of all single-family home sales. However, given the overhang of homes built in the prior decade, new home builders are competing against a large supply of existing homes that are often close to new in quality. As a result, new homes now comprise only about 6% to 7% of all single-family sales. But even at this depressed level of sales (an annual rate of 342,000), home builders have reason to increase activity. Builders started single-family homes at a 456,000 annual rate in December, but this includes about 150,000+ homes that do not have to be sold because the eventual occupant already owns the land. This leaves a start rate for homes built for sale of about 300,000 per year. Meanwhile, the inventory of new homes is down to levels last seen in 1971, when our population was one-third smaller. In other recent news, the Case-Shiller index, a measure of home prices in the 20 largest markets, increased 0.2% in November (seasonally-adjusted), the sixth straight monthly gain. Fourteen of the top 20 markets had price increases in November. Meanwhile, the FHFA index, a measure of prices for homes financed by conforming mortgages, increased 0.7% in November, the fifth increase in the past seven months. FHFA prices are now 0.5% higher than a year ago.

New 1-Family Houses Sold: United States  
SAAR, Thous



Months' Supply at current Sales Rate  
Seasonally Adjusted  
Months' Supply at current Sales Rate  
6-month Moving Average



New Home Sales	Dec-09		Nov-09	Oct-09	3-mo moving avg	6-mo moving avg	Yr to Yr % Change
	% Ch	Level					
All Data Seasonally Adjusted, Levels in Thousands							
<b>New Single Family Homes Sales</b>	-7.6%	342	370	408	373	390	-8.6
Northeast	42.9%	40	28	33	34	36	33.3
Midwest	-41.1%	43	73	56	57	59	-27.1
South	-7.3%	178	192	224	198	203	-7.8
West	5.2%	81	77	95	84	93	-12.0
<b>Median Sales Price (\$, NSA)</b>	5.2%	221,300	210,300	213,700	215,100	213,867	-3.6
		Dec-09	Nov-09	Oct-09	3-mo Avg	6-mo Avg	12-mo Avg
<b>Months' Supply at Current Sales Rate (Levels)</b>		8.1	7.6	7.1	7.6	7.7	9.1

Source: Bureau of the Census