

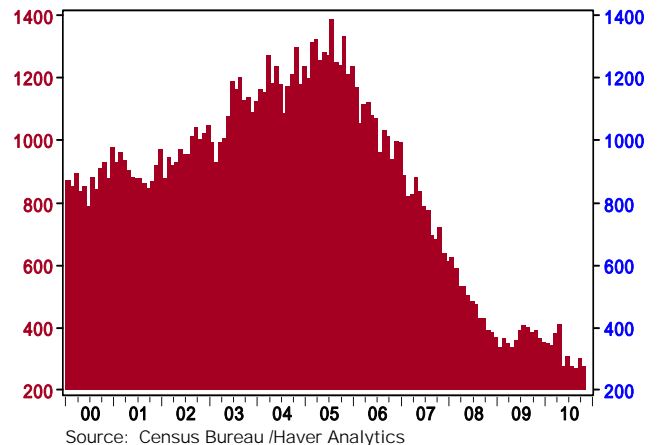
# OCTOBER NEW HOME SALES

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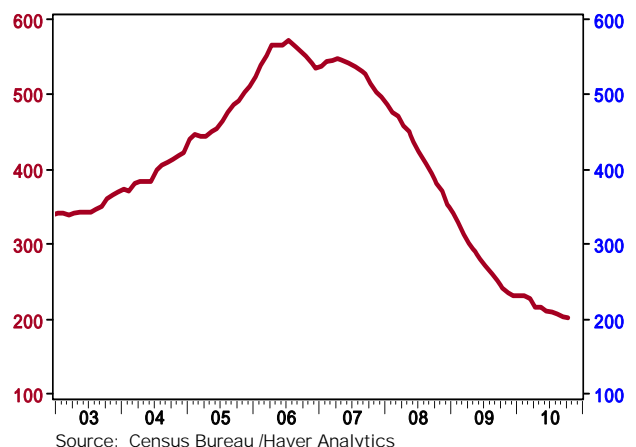
- New single-family home sales fell 8.1% in October, coming in at a 283,000 annual rate, falling short of the consensus expected pace of 312,000.
- Sales were down in the Northeast, Midwest, and West, but up in the South.
- At the current sales pace, the months' supply of new homes increased to 8.6 in October from 7.9 in September. All of the rise in the months' supply was due to a slower selling pace. The actual level of inventories fell 1,000 to 202,000, down 64.7% versus the peak in 2006 and the lowest level since 1968.
- The median price of new homes sold was \$194,900 in October, down 9.4% from a year ago. The average price of new homes sold was \$248,200, down 5.9% versus last year.

**Implications:** The market for new homes remains very sluggish, still apparently suffering from the expiration of the homebuyer tax credit. The tax credit, which required buyers to sign a contract by the end of April, moved sales forward into the early part of this year. New home sales, which are counted at contract, increased to a 414,000 annual pace in April, but have averaged only 290,000 in the past six months. A large inventory of foreclosed homes – many of them built within the past decade – is also depressing new home sales. It is important to note that, despite the slow pace of sales, inventories are still declining. Single-family homes are being started at about a 435,000 annual rate. Of these, only about 255,000 need to be sold, as many are being built on land already owned by the future homeowner. Given a growing population, the new home sales pace should more than triple over the next several years to roughly 950,000. On the price front, the median sales price of new homes fell to \$194,900 in October, the first time the median sales price has been below \$200,000 since 2003. This price measure is down 9.4% versus a year ago. In other home price news this morning, the FHFA index, a measure of prices for homes financed by conforming mortgages, fell 0.7% in September and is down 3.4% in the past year.

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



New 1-Family Houses For Sale: United States  
SA, Thous



New Home Sales <i>All Data Seasonally Adjusted, Levels in Thousands</i>	Oct-10		Sep-10	Aug-10	3-mo moving avg	6-mo moving avg	Yr to Yr % Change
	% Ch	Level					
<b>New Single Family Homes Sales</b>	-8.1%	283	308	275	289	290	-28.5
<i>Northeast</i>	-12.1%	29	33	28	30	30	-12.1
<i>Midwest</i>	-20.4%	39	49	32	40	41	-27.8
<i>South</i>	3.1%	164	159	150	158	161	-23.0
<i>West</i>	-23.9%	51	67	65	61	58	-46.9
<b>Median Sales Price (\$, NSA)</b>	-13.9%	194,900	226,300	223,200	214,800	217,750	-9.4
		<b>Oct-10</b>	<b>Sep-10</b>	<b>Aug-10</b>	<b>3-mo Avg</b>	<b>6-mo Avg</b>	<b>12-mo Avg</b>
<b>Months' Supply at Current Sales Rate (Levels)</b>		8.6	7.9	9.0	8.5	8.6	8.1

Source: Bureau of the Census