

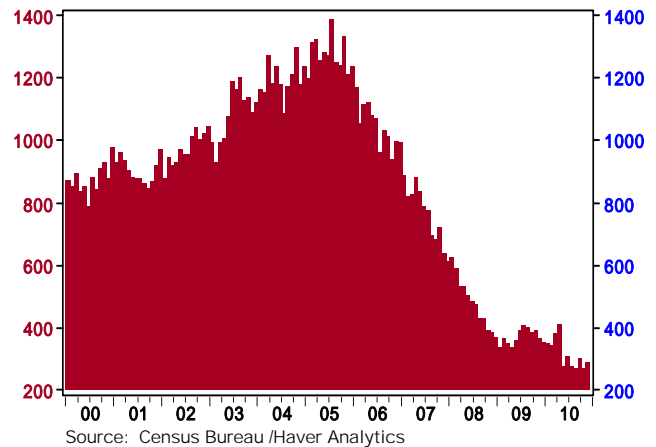
NOVEMBER NEW HOME SALES

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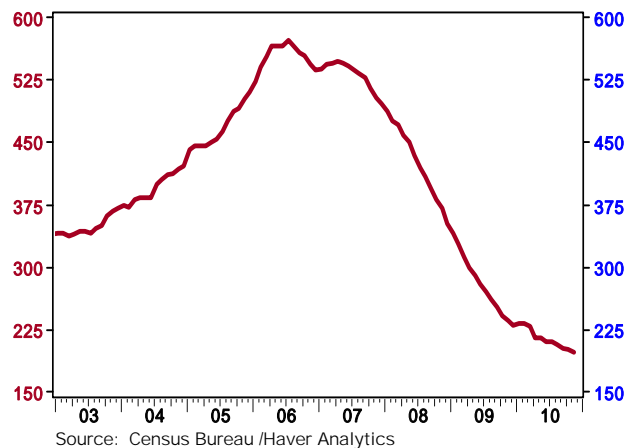
- New single-family home sales increased 5.5% in November, coming in at a 290,000 annual rate, but still fell short of the consensus expected pace of 300,000.
- Sales were up in the South and West but down in the Northeast and Midwest
- At the current sales pace, the months' supply of new homes (how long it would take to sell homes in inventory) fell to 8.2 in November from 8.8 in October. The drop in the months' supply was mainly due to the faster selling pace. The number of homes for sale fell 4,000 to 197,000, down 65.6% versus the peak in 2006. Interestingly, this is the lowest level of new homes in inventory since 1968.
- The median price of new homes sold was \$213,000 in November, down 2.7% from a year ago. The average price of new homes sold was \$268,700, down 2.2% versus last year.

Implications: The market for new homes remains sluggish, still suffering from the expiration of the homebuyer tax credit but also from intense competition from the large inventory of foreclosed homes on the market, many of which were built within the past decade. 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 sales dropped off almost immediately, and have only averaged 289,000 in the seven months since. It is important to note that, despite the slow pace of sales, inventories are still declining and are already at levels not seen since the late 1960s. As inventories fall, homebuilders will need to start building more homes. Given a growing population and the need for more housing, the pace of new home sales should more than triple over the next several years to roughly 950,000. With lumber prices on the rise in recent months, that process may be underway. On the price front, the median sales price of new homes rose to \$213,000 in November, bouncing back after going below \$200,000 last month. This price measure is down 2.7% versus a year ago. We expect the new home market to continue to improve, albeit gradually.

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>	Nov-10		Oct-10	Sep-10	3-mo	6-mo	Yr to Yr
	% Ch	Level			moving avg	moving avg	% Change
New Single Family Homes Sales	5.5%	290	275	308	291	290	-21.2
Northeast	-26.7%	22	30	33	28	30	-29.0
Midwest	-13.2%	33	38	48	40	40	-53.5
South	5.8%	165	156	160	160	162	-12.7
West	37.3%	70	51	67	63	59	-9.1
Median Sales Price (\$, NSA)	8.0%	213,000	197,200	229,300	213,167	216,283	-2.7
		Nov-10	Oct-10	Sep-10	3-mo Avg	6-mo Avg	12-mo Avg
Months' Supply at Current Sales Rate (Levels)		8.2	8.8	7.9	8.3	8.5	8.1

Source: Bureau of the Census