

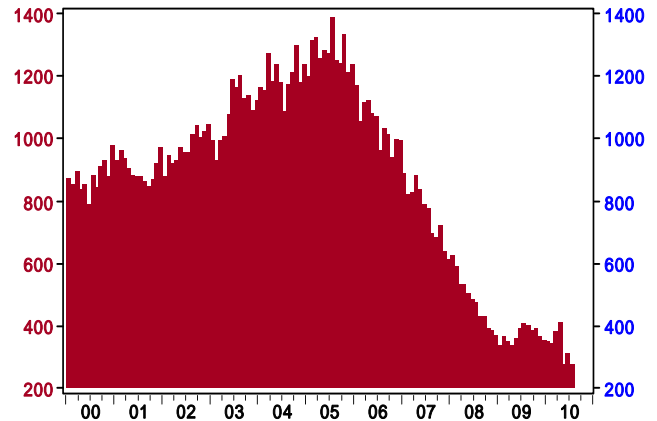
# JULY NEW HOME SALES

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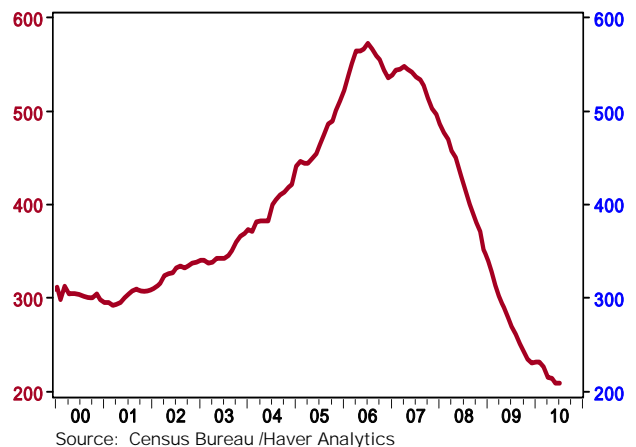
- New single-family home sales fell 12.4% in July to a 276,000 annual rate, falling well short of the consensus expected pace of 330,000.
- Sales were down in all major regions of the country.
- At the current sales pace, the supply of unsold new homes increased to 9.1 months in July. All the decline in the months' supply was due to the slower pace of sales. The actual level of inventories was unchanged at 210,000, down 63.3% versus the peak in 2006 and the lowest level since 1968.
- The median price of new homes sold was \$204,000 in July, down 4.8% from a year ago. The average price of new homes sold was \$235,300, down 13.2% versus last year.

**Implications:** Let's not beat around the bush. Today's report on new home sales was abysmal, with sales falling to the lowest level on record, dating back to 1963. Part of this is due to the expiration of the homebuyer tax credit, which required buyers to sign a contract by the end of April. As a result, new home sales, which are counted at contract, increased to a 414,000 annual pace in April. Since then (May thru July), sales have averaged only a 291,000 annual pace. But there is likely more going on than just the credit. Due to heavy foreclosures and short-sales, many people who would otherwise be in the market for a new home can get a similar existing home that was built in the past decade. Typically, new home sales comprise 15% of all sales; lately, they've been less than 7%. Given a growing population, new home sales should increase over the next several years to roughly 950,000. But excess inventories of existing homes are slowing that process. In other news this morning, the FHFA index, a measure of prices for homes financed by conforming mortgages, fell 0.3% in June, the first month since February that the FHFA index has declined. The index is down 1.7% from a year ago, compared to a drop of 5.1% in the year ending in June 2009.

New 1-Family Houses Sold  
SAAR, Thous



New 1-Family Houses For Sale  
SA, Thous



New Home Sales	Jul-10		Jun-10	May-10	3-mo moving avg	6-mo moving avg	Yr to Yr % Change
	% Ch	Level					
<i>All Data Seasonally Adjusted, Levels in Thousands</i>							
<b>New Single Family Homes Sales</b>	-12.4%	276	315	281	291	336	-32.4
<b>Northeast</b>	-13.9%	31	36	27	31	32	-24.4
<b>Midwest</b>	-8.3%	44	48	37	43	48	-21.4
<b>South</b>	-8.7%	157	172	153	161	180	-26.6
<b>West</b>	-25.4%	44	59	64	56	76	-54.6
<b>Median Sales Price (\$, NSA)</b>	-6.0%	204,000	217,000	227,800	216,267	217,300	-4.8
		<b>Jul-10</b>	<b>Jun-10</b>	<b>May-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>		9.1	8.0	9.2	8.8	8.0	7.8

Source: Bureau of the Census