

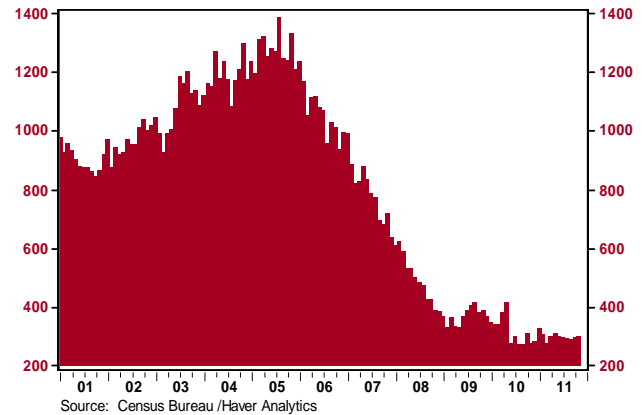
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October New Home Sales

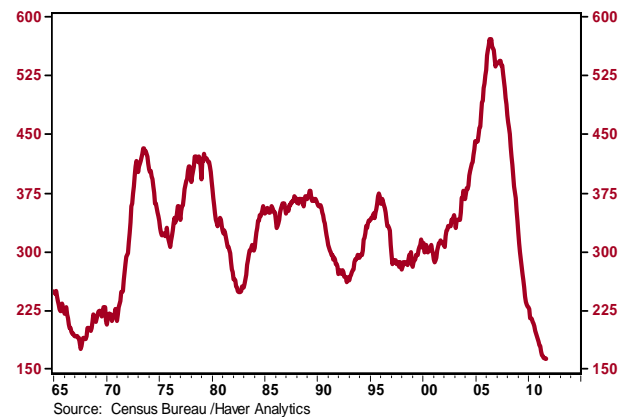
- New single-family home sales increased 1.3% in October to a 307,000 annual rate. The consensus expected a pace of 315,000.
- Sales were up in the Midwest and West, unchanged in the Northeast, and down in the South.
- At the current sales pace, the months' supply of new homes (how long it would take to sell the homes in inventory) dropped to 6.3. The decline in the months' supply was all due to the faster pace of sales. Inventories remained unchanged in October but are at the lowest level on record, dating back to 1963.
- The median price of new homes sold was \$212,300 in October, up 4.0% from a year ago. The average price of new homes sold was \$242,300, down 4.8% versus last year.

Implications: New homes were sold at a 307,000 annual rate in October, right near the middle of the narrow range in which they've been sold for the past eighteen months. Sometime over the next several years, new home sales will rise to an annual pace of about 950,000. But, given tight credit conditions and the large inventory of bargain-priced existing homes – particularly those in foreclosure or being sold short – this will not happen anytime soon. The best news in today's report was that the months' supply of new homes ticked down to 6.3 months in October. With the exception of a single month covered by the homebuyer tax credit, this is the lowest months' supply since 2006. The number of new homes under construction is now the lowest since at least 1963 while the number of completed new homes in inventory is the lowest in forty years. This is exactly what needs to happen for there to be a sustained recovery in housing. One positive sign is that builders are wise to the rapid reductions in inventories. The inventory of new homes where construction has yet to start is gradually rising and up 7.7% from a year ago. In other words, builders are marking their territory to be ready when sales eventually rise on a persistent basis. Today's news on home prices was mixed. The median price of a new home is up 4% versus a year ago while average prices are down 4.8%.

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



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



New Home Sales	Oct-11		Sep-11	Aug-11	3-mo	6-mo	Yr to Yr
	% Ch	Level			moving avg	moving avg	% Change
<i>All Data Seasonally Adjusted, Levels in Thousands</i>							
New Single Family Homes Sales	1.3%	307	303	293	301	302	8.9
Northeast	0.0%	22	22	25	23	21	-26.7
Midwest	22.2%	55	45	49	50	47	37.5
South	-9.5%	153	169	156	159	164	-5.6
West	14.9%	77	67	63	69	69	54.0
Median Sales Price (\$, NSA)	-0.5%	212,300	213,300	217,600	214,400	222,550	4.0
		Oct-11	Sep-11	Aug-11	3-mo Avg	6-mo Avg	12-mo Avg
Months' Supply at Current Sales Rate (Levels)		6.3	6.4	6.7	6.5	6.6	6.9

Source: Bureau of the Census