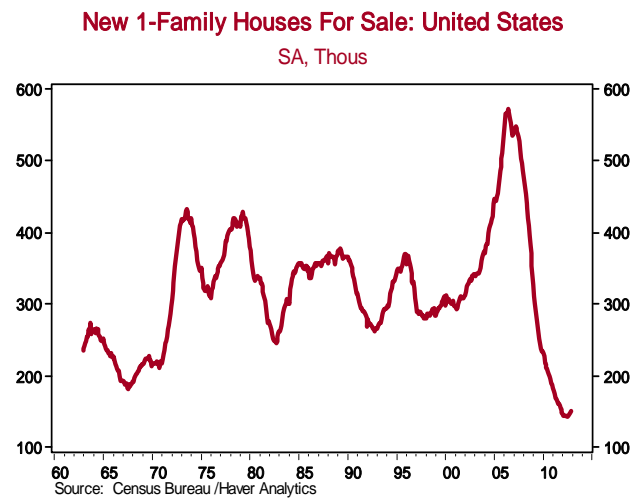
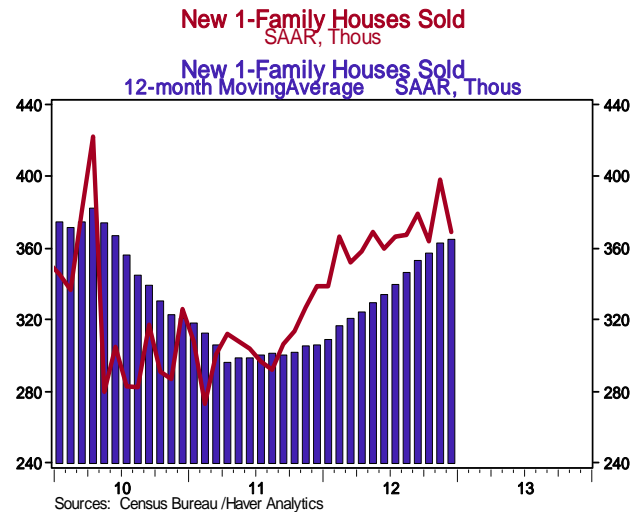


December New Home Sales

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- New single-family home sales declined 7.3% in December, to a 369,000 annual rate, below the consensus expected pace of 385,000. Sales are up 8.8% from a year ago.
- Sales were down in the Northeast, West and South, but were up in the Midwest.
- The months' supply of new homes (how long it would take to sell the homes in inventory) rose to 4.9. The increase was due to both a slower selling pace and a 2,000 unit gain in new home inventories.
- The median price of new homes sold was \$248,900 in December, up 13.9% from a year ago. The average price of new homes sold was \$304,000, up 15.6% versus last year.

Implications: New home sales fell 7.3% in December but are up 8.8% from a year ago. For the entire year, 366,000 new homes were sold. This is up 59,000 from the level of sales in 2011 and shows that the new home market, which is typically the last piece of the housing puzzle to recover, is definitely improving. Meanwhile, as the lower chart to the right shows, although overall inventories remain close to record lows, inventories have risen for four consecutive months as builders are getting more confident in the recovery. The months' supply of new homes for the entire year stood at 4.8, the lowest months' supply since 2005. This is well below the average of 5.7 over the past 20 years and not much above the 4.0 months that prevailed in 1998-2004, during the housing boom. The median price of a new home is up 13.9% from a year ago, consistent with the positive year over year increases we have been seeing from other home price indices. Not only are prices up, but the median number of months a home sits on the market before being purchased is now down to 4.6 from 6.7 just one year ago. Sales of new homes will not be up every month, but the upward trend will continue to push higher throughout 2013. In other recent news on housing, the FHFA index, a measure of prices for homes financed with conforming mortgages, increased 0.6% in November and is up 5.6% in the past year. In other recent news, new claims for unemployment insurance declined 5,000 last week to 330,000, the lowest level in five years. Continuing claims for regular state benefits fell 71,000 to 3.16 million. These figures, as well as other recent data, suggest nonfarm payrolls will be up about 145,000 in January.



New Home Sales	Dec-12		Nov-12	Oct-12	3-mo moving avg	6-mo moving avg	Yr to Yr % Change
	% Ch	Level					
<i>All Data Seasonally Adjusted, Levels in Thousands</i>							
New Single Family Homes Sales	-7.3%	369	398	364	377	374	8.8
Northeast	-29.4%	24	34	23	27	29	20.0
Midwest	21.3%	57	47	54	53	50	-1.7
South	-8.4%	208	227	185	207	199	15.6
West	-11.1%	80	90	102	91	96	-1.2
Median Sales Price (\$, NSA)	1.3%	248,900	245,600	243,100	245,867	247,133	13.9
		Dec-12	Nov-12	Oct-12	3-mo Avg	6-mo Avg	12-mo Avg
Months' Supply at Current Sales Rate (Levels)		4.9	4.5	4.8	4.7	4.7	4.8

Source: Bureau of the Census