

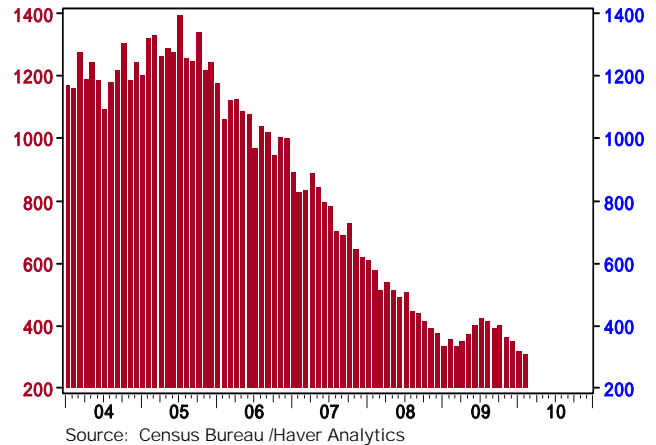
FEBRUARY NEW HOME SALES

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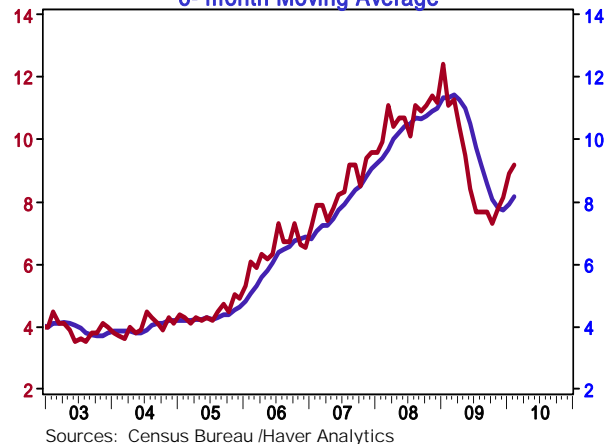
- New single-family home sales declined 2.2% in February to a 308,000 annual rate, below the consensus expected pace of 315,000.
- Sales were down in the Northeast, South, and Midwest, but up in the West.
- At the current sales pace, the supply of unsold new homes increased to 9.2 months in February. The rise in the months' supply was due to both the slower pace of sales and a rise in inventories. The actual level of inventories ticked up 2,000 to 236,000 in February, but is down 58.7% from the peak in mid-2006.
- The median price of new homes sold was \$220,500 in February, up 5.2% from a year ago. The average price of new homes sold was \$282,600, up 9.3% versus last year.

Implications: New home sales fell to a record low in February (dating back to 1963) and inventories increased slightly. However, we believe unusually harsh winter weather dilutes the importance of the overall sales figure this month. New home sales are counted when a contract is signed, so weather that is bad enough to keep people from seeing homes can also reduce sales. We expect noticeable improvement in new home sales in the next few months. If not, problems in the mortgage market, foreclosures, and competitively priced existing homes are the likely culprits. Although inventories increased in February, this was partially due to the lull in sales. More importantly, the headline rise in inventories creates a false image of more vacant units. But the composition of inventories shows that is not the case. The February inventory increase was almost all due to homes that *have yet to be started*. The inventory of completed homes continued to decline. Meanwhile, the median price of new homes sold is up 5.2% versus a year ago and the average sales price is up 9.3%.

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



Months' Supply at Current Sales Rate
Seasonally Adjusted
Months' Supply at Current Sales Rate
6- month Moving Average



New Home Sales	Feb-10		Jan-10	Dec-09	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	-2.2%	308	315	345	323	354	-13.0
Northeast	-20.0%	28	35	39	34	34	0.0
Midwest	-18.0%	41	50	49	47	55	-18.0
South	-4.6%	146	153	175	158	178	-29.5
West	20.8%	93	77	82	84	87	34.8
Median Sales Price (\$, NSA)	6.1%	220,500	207,900	219,200	215,867	216,350	5.2
		Feb-10	Jan-10	Dec-09	3-mo Avg	6-mo Avg	12-mo Avg
Months' Supply at Current Sales Rate (Levels)		9.2	8.9	8.1	8.7	8.2	8.7

Source: Bureau of the Census