

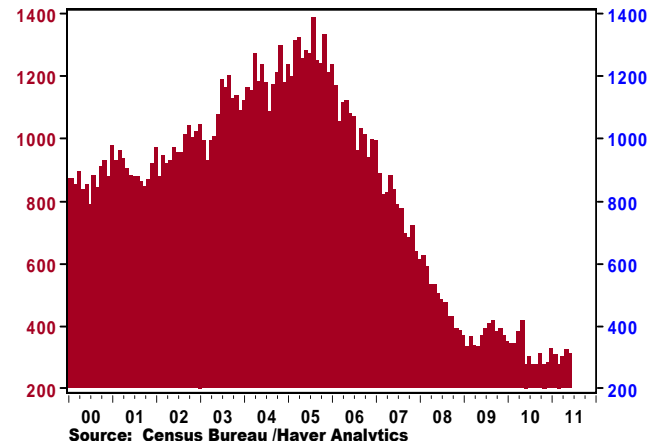
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## May New Home Sales

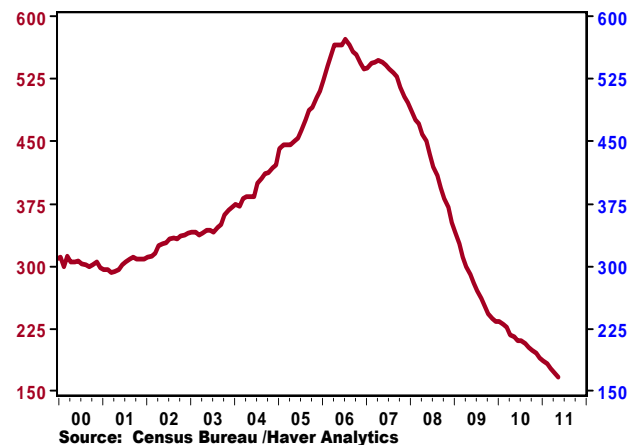
- New single-family home sales fell 2.1% in May, coming in at a 319,000 annual rate, beating the consensus expected pace of 310,000.
- Sales were up in the South and unchanged in the Midwest, but down in the Northeast and West.
- At the current sales pace, the months' supply of new homes (how long it would take to sell the homes in inventory) fell to 6.2 in May from 6.3 in April. The decline in the months' supply was all due to the decline in inventories, which fell 6,000 from last month, hitting the lowest level on record, which goes back to 1963.
- The median price of new homes sold was \$222,600 in May, down 3.4% from a year ago. The average price of new homes sold was \$266,400, down 0.5% versus last year.

**Implications:** While new home sales fell 2.1% in May, the number of homes sold beat consensus expectations for the third straight month. The inventory of new homes on the market continues to be worked off as well, an important part of the healing process in the housing market. In May, the inventories of new homes fell to the lowest level on record, which goes back to 1963, and the inventory of completed homes fell to the lowest level since the early 1970s. While this is good news, it does not necessarily mean sales are going to pick up soon because the new home market still faces two major challenges. First, the new home market isn't as likely to attract buyers when there is a large number of existing homes for sale that are often like new and selling at steep discounts. Second, credit conditions also remain very tight for anyone that doesn't have a very good credit score and a 20% down-payment. So while housing is clearly beginning to recover, these issues will keep the pace of recovery subdued for the time being. In other recent housing news, the FHFA index, a measure of prices for homes financed by conforming mortgages, increased 0.8% in March, the largest gain for any month since 2005. However, these home prices are still down 5.7% versus a year ago and down almost 20% from the peak in 2007. In other news this morning, new claims for unemployment insurance increased 9,000 last week to 429,000. The four-week moving average was unchanged at 426,000. Continuing claims for regular state benefits dipped 1,000 to 3.70 million.

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



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



New Home Sales	May-11		Apr-11	Mar-11	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>	-2.1%	319	326	306	317	312	13.5
<b>Northeast</b>	-26.7%	22	30	27	26	26	-18.5
<b>Midwest</b>	0.0%	42	42	39	41	39	5.0
<b>South</b>	2.4%	172	168	168	169	168	13.9
<b>West</b>	-3.5%	83	86	72	80	80	31.7
<b>Median Sales Price (\$, NSA)</b>	2.6%	222,600	217,000	219,500	219,700	226,750	-3.4
		May-11	Apr-11	Mar-11	3-mo Avg	6-mo Avg	12-mo Avg
<b>Months' Supply at Current Sales Rate (Levels)</b>		6.2	6.3	6.9	6.5	6.9	7.7

Source: Bureau of the Census