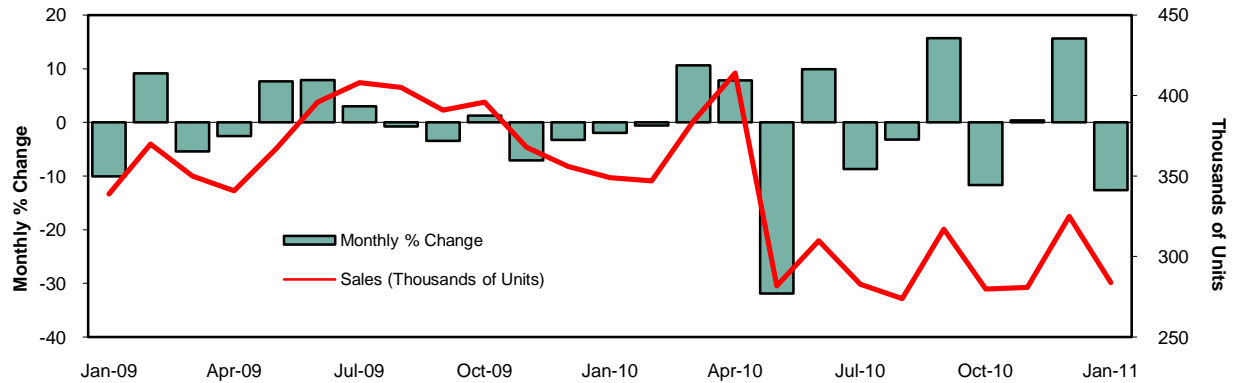


RESIDING AT THE BOTTOM

New Home Sales – Thursday February 24, 2011



Record High: 1389k (07/05) Percent Change from Record High: -79.6%

New home sales dropped 12.6% in January to an annual pace of 284,000, one of its lowest levels in the last 48 years of record keeping. January's decline almost wipes out December's 15.7% gain. The volatility in the last two months is related in part to the expiration of the California new home sales tax credit at the end of last year. Sales were mixed across regions last month with the South and West posting large declines and the Northeast and the Midwest showing large sales gains. The inventory of homes available for sale fell 0.5% to 188,000 which, given the reduced sales pace, raised the month's supply on the market to 7.9 from 7.0 in December. Home prices were mixed with the median price up 5.7% over the past year to \$230,600 while average prices tumbled 8.2% to \$260,300. Median prices have actually been trending higher over the last year or so. Heightened volatility in the last couple of months has left new home sales at the bottom. Recovery in the new home market probably won't take place until many of the distressed properties have been worked through and the demand drivers of job creation and income growth return. It will likely be later this year when we start to see any significant improvement.

THOUSANDS OF UNITS

Forecast:	300k
Consensus*:	304k
Actual:	284k

	Monthly				Average for						
	Jan-11	Dec-10	Nov-10	Oct-10	Three Month	Six Month	Twelve Month	2010	2009	Five Year	Ten Year

New Home Sales	284	325	281	280	297	294	315	321	374	599	845
(percent change)	-12.6	15.7	0.4	-11.7				-14.3	-22.5		

Northeast	34	22	22	30	26	29	30	31	32	45	60
(percent change)	54.5	0.0	-26.7	-14.3				-1.9	-10.8		
Midwest	41	35	32	40	36	39	43	44	54	89	140
(percent change)	17.1	9.4	-20.0	-23.1				-18.4	-21.7		
South	143	164	163	160	157	157	169	172	201	321	421
(percent change)	-12.8	0.6	1.9	-1.2				-14.5	-24.1		
West	66	104	64	50	78	70	72	73	87	143	224
(percent change)	-36.5	62.5	28.0	-26.5				-15.8	-22.7		

Inventory	188	189	195	200	191	197	208	189	231	361	376
Months of Supply	7.9	7.0	8.3	8.6	7.7	8.1	8.0	8.0	9.0	8.5	6.3

Median Sales Price (\$000)	230.6	235.0	221.4	204.2	229.0	224.3	221.9	220.9	214.5	230.5	215.4
(year-on-year % change)	5.7	5.6	1.2	-5.1	4.2	3.7	3.1	3.0	-6.9		

Average Sales Price (\$000)	260.3	290.7	282.7	254.4	277.9	271.3	269.6	271.5	268.2	288.2	268.2
(year-on-year % change)	-8.2	4.5	2.9	-3.6	-0.3	-1.2	-0.7	1.2	-7.2		

Source: Bureau of the Census, Department of Commerce Via Haver Analytics. Data, graph & table courtesy of Insight Economics *Bloomberg
 © 2011 HousingMatrix, Inc. <http://www.HousingMatrix.com> All rights reserved. Reproduction and/or redistribution are expressly prohibited.
 Hot Sheet is a registered trademark of HousingMatrix, Inc. Information contained herein is based on sources believed to be reliable, but accuracy is not guaranteed.