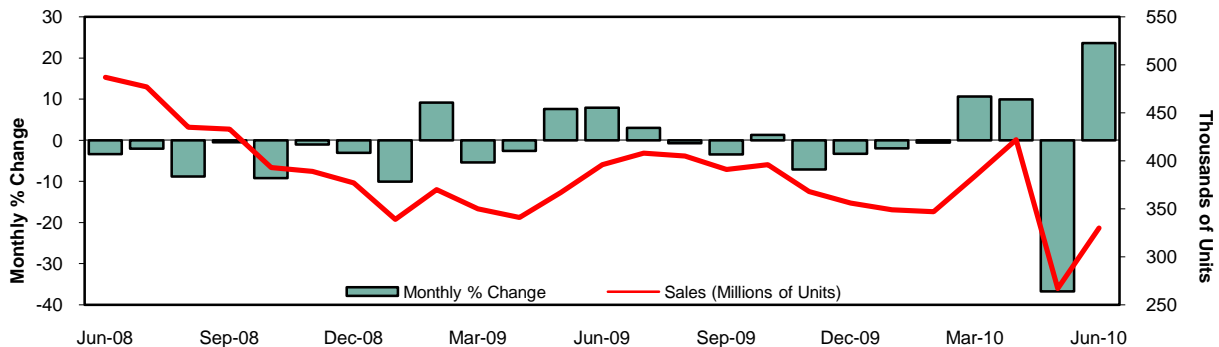


### LARGE UNEXPECTED GAIN New Home Sales – Monday July 26, 2010



Record High: 1389k (07/05)      Percent Change from Record High: -76.2%

New home sales jumped 23.6% in June to an annual rate of 330k compared to market expectations for a somewhat smaller increase to a rate of 320k. However, the prior month was downwardly revised to a record low rate of 267k. So the unexpectedly large gain in June still leaves new home sales near their weakest level ever. New home sales are down 16.7% from their already depressed year ago level; additionally, they are down 76.2% from their July 2005 peak. Regionally, sales were mixed with large gains in all areas except for the West where they fell 6.6%. The inventory of new homes available for sale fell to 210k which reflects a 7.6 month-supply at the current sales pace. The drop off in demand following the expiration of the homebuyer tax credit May have led to softer prices in the past few months; median prices were down 0.6% over the past year to \$213,400 while average prices fell 11.6% to \$242,900. The correction in new home sales in the last two months was expected as a result of the tax credit pulling sales forward into March and April. The outlook is for continued weakness in the new home market going forward until demand fundamentals return in the form of job and income growth.

#### THOUSANDS OF UNITS

Forecast:	325k
Consensus*:	320k
Actual:	330k

	Monthly				Average for					
	Jun-10	May-10	Apr-10	Mar-10	Three Month	Six Month	Twelve Month	2009	2008	Five Year

<b>New Home Sales</b>	<b>330</b>	<b>267</b>	<b>422</b>	<b>384</b>	<b>340</b>	<b>350</b>	<b>369</b>	<b>374</b>	<b>482</b>	<b>791</b>	<b>901</b>
(percent change)	<b>23.6</b>	<b>-36.7</b>	<b>9.9</b>	<b>10.7</b>				<b>-22.5</b>	<b>-37.3</b>		

<b>Northeast</b>	<b>41</b>	<b>28</b>	<b>36</b>	<b>33</b>	<b>35</b>	<b>35</b>	<b>36</b>	<b>32</b>	<b>35</b>	<b>55</b>	<b>64</b>
(percent change)	<b>46.4</b>	<b>-22.2</b>	<b>9.1</b>	<b>10.0</b>				<b>-10.8</b>	<b>-44.9</b>		
<b>Midwest</b>	<b>47</b>	<b>39</b>	<b>60</b>	<b>53</b>	<b>49</b>	<b>51</b>	<b>55</b>	<b>54</b>	<b>69</b>	<b>121</b>	<b>151</b>
(percent change)	<b>20.5</b>	<b>-35.0</b>	<b>13.2</b>	<b>8.2</b>				<b>-21.7</b>	<b>-41.2</b>		
<b>South</b>	<b>185</b>	<b>139</b>	<b>217</b>	<b>206</b>	<b>180</b>	<b>184</b>	<b>192</b>	<b>201</b>	<b>265</b>	<b>414</b>	<b>444</b>
(percent change)	<b>33.1</b>	<b>-35.9</b>	<b>5.3</b>	<b>14.4</b>				<b>-24.1</b>	<b>-35.2</b>		
<b>West</b>	<b>57</b>	<b>61</b>	<b>109</b>	<b>92</b>	<b>76</b>	<b>81</b>	<b>87</b>	<b>87</b>	<b>113</b>	<b>200</b>	<b>241</b>
(percent change)	<b>-6.6</b>	<b>-44.0</b>	<b>18.5</b>	<b>4.5</b>				<b>-22.7</b>	<b>-36.6</b>		

<b>Inventory</b>	<b>210</b>	<b>213</b>	<b>215</b>	<b>228</b>	<b>213</b>	<b>222</b>	<b>235</b>	<b>231</b>	<b>353</b>	<b>426</b>	<b>387</b>
<b>Months of Supply</b>	<b>7.6</b>	<b>9.6</b>	<b>6.1</b>	<b>7.1</b>	<b>7.8</b>	<b>7.7</b>	<b>7.7</b>	<b>9.0</b>	<b>10.7</b>	<b>7.8</b>	<b>5.9</b>

<b>Median Sales Price (\$000)</b>	<b>213.4</b>	<b>216.4</b>	<b>205.9</b>	<b>224.8</b>	<b>211.9</b>	<b>216.8</b>	<b>216.3</b>	<b>214.5</b>	<b>230.4</b>	<b>233.2</b>	<b>209.9</b>
(year-on-year % change)	<b>-0.6</b>	<b>-2.7</b>	<b>-6.1</b>	<b>9.6</b>	<b>-3.1</b>	<b>1.6</b>	<b>-1.2</b>	<b>-6.9</b>	<b>-5.5</b>		

<b>Average Sales Price (\$000)</b>	<b>242.9</b>	<b>269.4</b>	<b>266.8</b>	<b>262.9</b>	<b>259.7</b>	<b>268.3</b>	<b>270.5</b>	<b>268.2</b>	<b>288.9</b>	<b>291.9</b>	<b>261.5</b>
(year-on-year % change)	<b>-11.6</b>	<b>-1.9</b>	<b>-1.1</b>	<b>1.2</b>	<b>-4.9</b>	<b>1.7</b>	<b>-0.6</b>	<b>-7.2</b>	<b>-6.4</b>		

Source: Bureau of the Census, Department of Commerce Via Haver Analytics. Data, graph & table courtesy of Insight Economics \*Bloomberg  
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