

New Home Sales Rose Slightly in April

Sales of new homes moved higher by 1,000 units in April to 352,000 units at an annual rate from the downwardly revised March level. Inventory levels continued to improve and broke through 300,000 for the first time since 2001. We are encouraged by the relative stability in sales and the continued improvement in inventory levels.

Sales Inched Higher

- Sales rose slightly on the month and appear to be stabilizing near the current level. We have held within about a 10,000 unit range for three straight months now. Looking back in a few months, January may turn out to have been the bottom in new home sales. We do not expect a major pick-up in the near-term but stability over the summer would not be a surprise.

Inventory Continued to Decrease

- The inventory of new homes for sale fell another 13,000 units on the month bringing the drop over the past year to more than 160,000. Inventory levels are now under the average held from 1996-2000. While we will likely overshoot the equilibrium to the downside in this cycle, we expect this improvement will help bring stability to the new home market in the near to medium-term. However, it does not mean a boom is at hand.

