



## ECONOMICS GROUP

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### New Home Sales Moved Higher in February

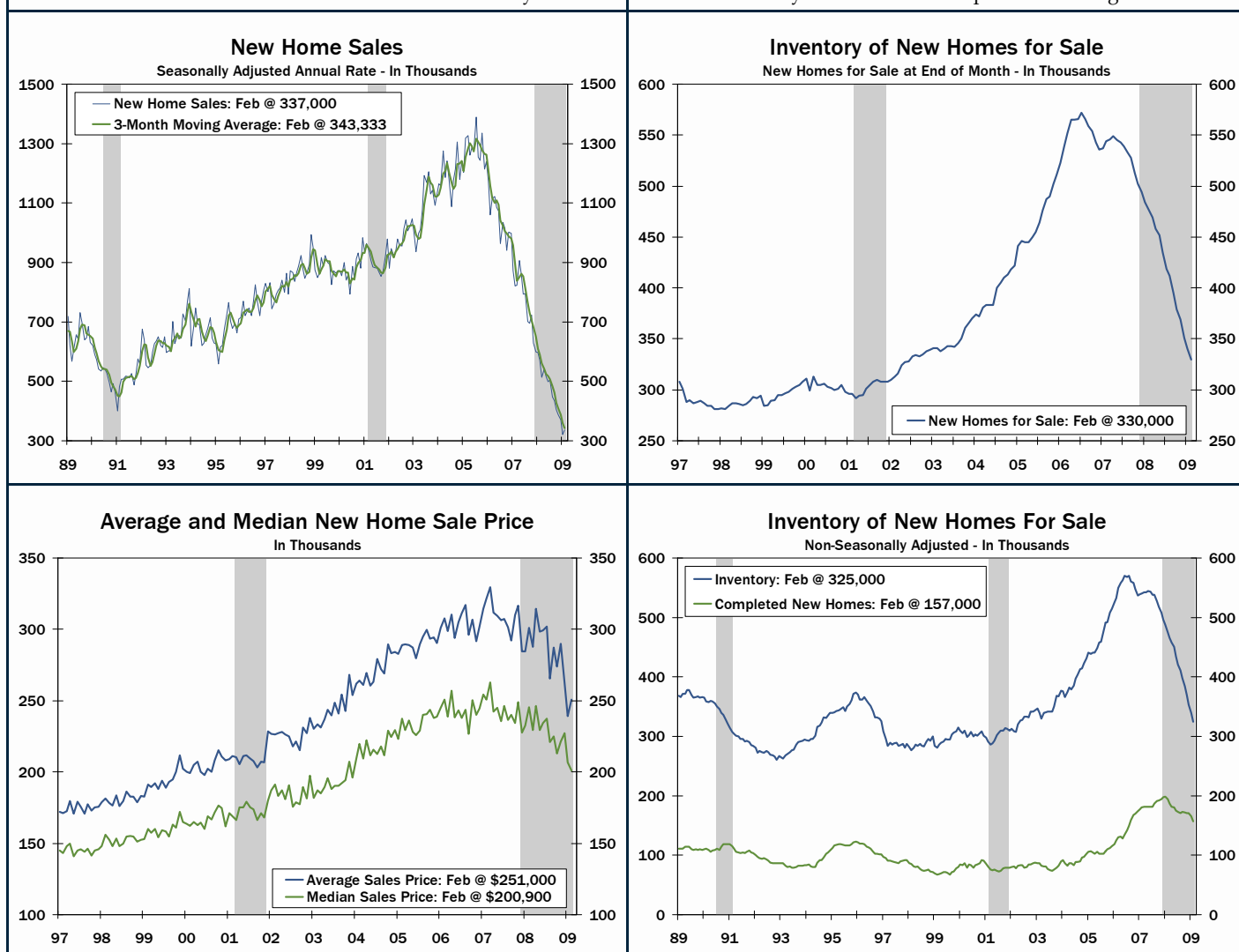
*Sales of new homes reached a 337K unit pace in February up 4.7 percent from an upwardly revised sales figure of 322K in January. Inventory levels continued to improve. Housing data have been generally better than expectations across the board in February, but we are not out of the woods yet.*

#### Sales Higher, Prices Mixed

- Sales increased 4.7 percent, with large gains in the South leading the way. February marked the first increase in sales since last summer. Winter weather can wreak havoc on housing data, creating additional volatility early in the year. Still, we would view these data with cautious optimism.
- Prices were mixed as average prices moved higher, while the median moved lower. Further declines are still likely.

#### Inventory Levels Improved

- Inventory levels continued to improve. On trend, inventory has been improving since early 2007, but it has been a long, drawn-out process. Further improvements in inventory levels are still needed, but the market is making progress.
- Inventory of completed homes has been stickier than those under construction or not yet started. Builders continue to curtail activity and this should improve in coming months.



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