

## New Home Sales Continued to Slide in January

Sales of new homes fell to a pace of just 309,000 units, down 10.2 percent from an upwardly revised December level of 344,000 units. Sales declined sharply in the Western region. Inventory levels continue to make steady progress and are now at 342,000 units. Still, prices remain under severe pressure in both the new and existing market.

### Sales Continued a Long Slide

- Sales declined for the sixth month in a row as builders continued to reduce construction and work off inventory. We expect sales activity will remain constrained over the coming months as buyers struggle with access to credit and worry about their income prospects and the U.S. economy. Sales in the hard-hit bubble markets in the West continue to struggle.

### Inventory Improved, but Prices Hit Hard

- Inventory levels continue to improve and are rapidly closing in on "normal" levels. With the prospect of the new home market returning to equilibrium by summer, the existing home market may be able to see improvement in the months thereafter.
- Still with foreclosure sales dominating the existing sales market, prices remain pressured across all parts of the housing market.

