

## New Home Sales Bounced Higher in September

*New home sales bounced up to 464,000 units in September from a downwardly revised August figure. Still, the current pace of sales is extremely slow and may not hold up into October as the credit crunch intensified and consumers became increasingly worried about the economic outlook. Inventories made solid improvements.*

### New Home Sales Bounced

- Sales bounced higher to 464,000 units off the new cycle low of 452,000 seen last month. Despite the improvement, September still marks the second slowest pace of sales in this cycle. We do not expect to see continued improvements as the credit crunch intensified anew in October. Mortgage credit remains constrained and consumers are worried about the economy.

### Inventories Continued to Improve

- Inventories continued to improve rapidly, dropping below the 400,000 level for the first time since 2004. The month-over-month decline of 26,000 units marks the largest one month decline on record. Since peaking in 2006, inventories have declined 30.5 percent. As we have long noted, inventory improvement is a key step toward market stabilization.

