



Economics Group

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New Home Sales Jumped in March, but Still at Low Level

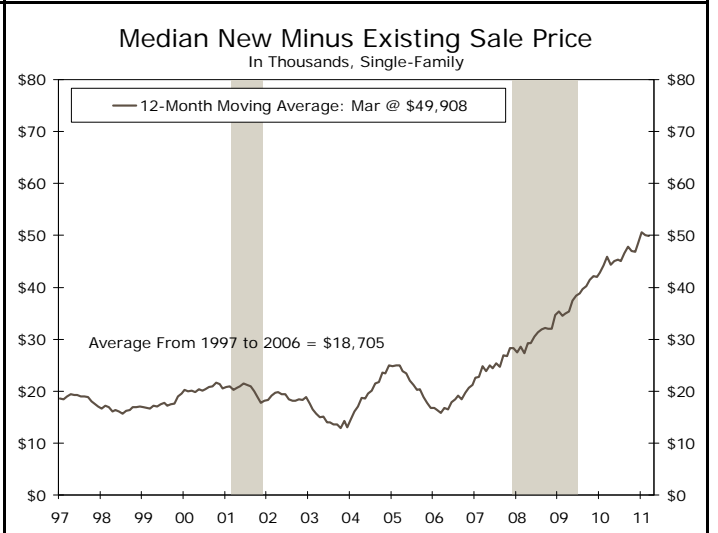
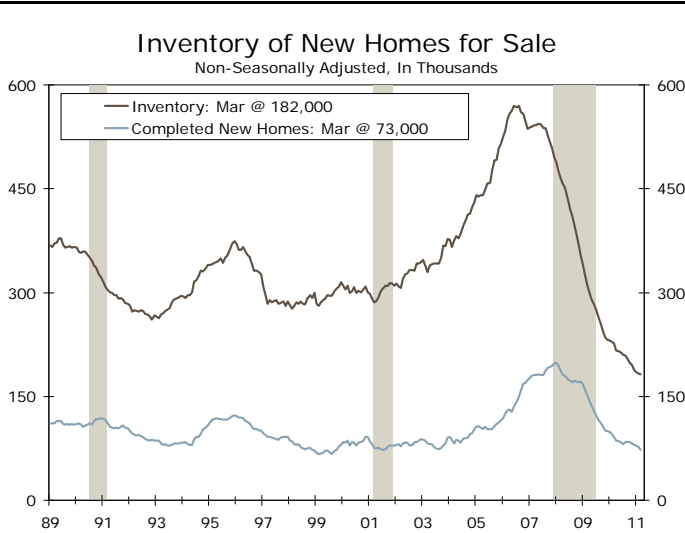
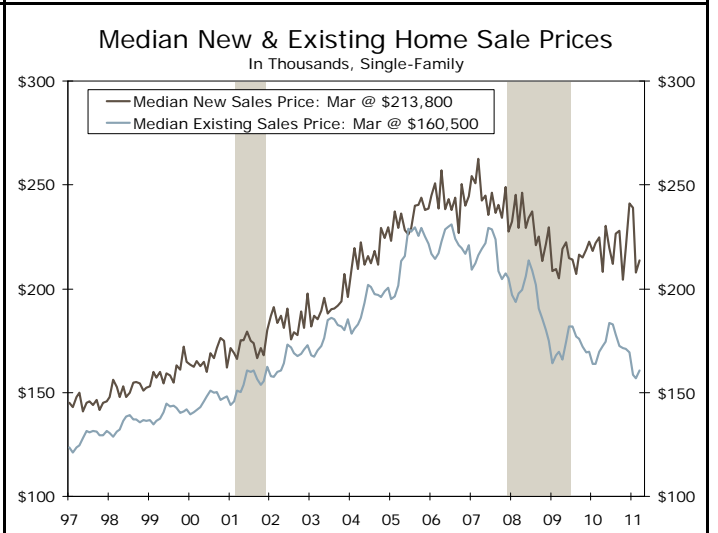
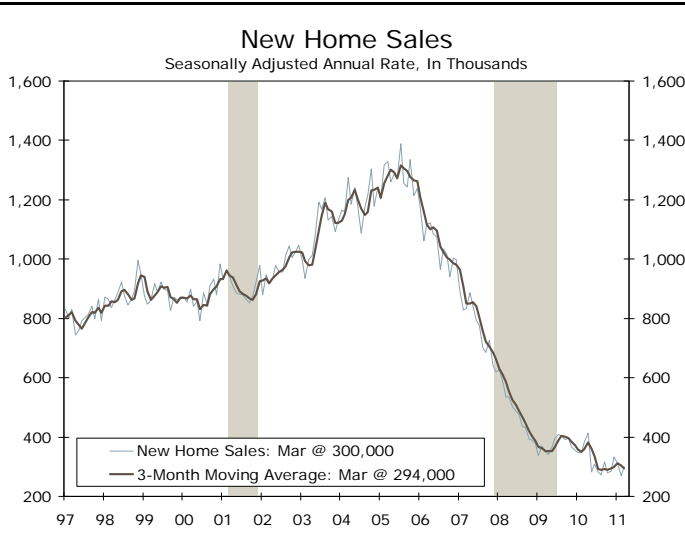
New home sales rose 11.1 percent in March to a 300,000-unit annual pace. Previous months' data were upwardly revised by a net 32,000 units. Median and mean home prices both fell on a year ago-basis.

New Home Inventories Remain at Record Low

- New home sales rose 11.1 percent in March, but remain at an extremely depressed level. Much of the increase reflects payback from the pullback in February due to unusually harsh weather conditions in the first half of the month. With builders still reluctant to increase inventories, the overall inventory of new homes fell to 183,000 units, the lowest level since 1967. The pipeline of new housing also remains depressed.

Existing Homes Continue to Compete with New Homes

- The steady decline in existing home prices due to foreclosures and short sales have significantly widened the gap between the median price of a new home versus existing. The large price gap will continue to make it difficult for builders to compete. The median price of a new home is now \$213,800 while the median price of an existing home is \$159,600. Unfortunately, the gap will likely remain until the pace of foreclosures moderates.



Source: U.S. Department of Commerce, National Association of Realtors and Wells Fargo Securities, LLC

Wells Fargo Securities, LLC Economics Group

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