

The Light at the End of the Tunnel: A Forecast for 2009

I suppose we could start out with the old Dickens line about “the best of times...worst of times” but, when it comes to the economy, that would only be half right. From housing downturn to financial meltdown to economic recession, the past three years have been disaster, and 2008 was the worst of them all for both the United States and the world. All the excesses, missteps and flat out fraud of the decade came to fruition in 2008, with the economy in recession and losing nearly three million jobs, the Dow down a third and major industries coming hat in hand to beg for handouts. No, I don't think we want to dwell on 2008 any more than we must.

This year does not, in the minds of the media and economic pundits, look any better. The consensus forecast among economists seems to be that the economy will be in recession the whole year, real estate values will fall another ten percent, another couple of million jobs will be lost and we will be in a free fall that will rival the Great Depression or worse.

I think we all need to step back and relax. This is not the second coming of the Great Flood, and there's no need on anyone's part to build an ark or start collecting pairs of living things. This is a normal recession, albeit more severe than any in the past three decades, and it will pass sooner or later. I think sooner. There are both good things and bad things happening in 2009 and our forecast (see the attached chart) suggests that this recession will end sometime in the third quarter of 2009, with significant growth returning in the fourth quarter and through 2010. Let's look at the positives and negatives driving the economy.

Negatives

1. Financial markets have ceased to function. This is the single major problem facing the economy. Without a freely and efficiently function financial market, the economy cannot grow. We have two tasks here. First, we need to get financial institutions back into the business of lending to households and businesses. The first bailout, as well as the efforts of the Federal Reserve to flood the system with liquidity have not yet done their job, although there is some reason to believe that this is changing. Second, the abuses that caused the financial sector debacle must be dealt with, and this includes closer regulation of both exotic securities like derivatives as well as mortgage lending
2. The housing market remains dead in the water. In some areas, inventories remain intolerably high from overbuilding and foreclosures, while in other areas inventories are fine but the slowing of the economy has reduced the ability of buyers to enter the market. More bad news on this front will come as the financial

meltdown works its way through the economy of New York City and environs. Moreover, financial problems have paralyzed lending institutions and hampered the use of short sales to clear out excess inventory.

3. Consumers lack the confidence to help the economy recover. There's no surprise here. There is real pain from job losses in many parts of the country. But we are also being taught to lose hope. Since consumption is two-thirds of all economic activity in the United States, we can't emerge from the recession without the lead of households spending on goods and services.

Positives

1. The Federal government is wading in full force. We will see fiscal stimulus of nearly a trillion dollars in the first half of 2009. But unlike the checks distributed by the previous administration and Congress or the confused and unfocused bailout of 2008, this one will target job creation spending by state and local governments and long term investment in modern industries. In short, it's being done right, and it should succeed. In effect, we are bombing a very sick patient with massive amounts of experimental drugs.
2. Interest rates are low, and will stay there through the year. Nothing works better to stimulate big ticket spending than interest rates verging on zero. This is where we are now. For example, the mortgage industry is being swamped by refinance requests and every one of those households now has more to spend out of their monthly income on things besides shelter. This is how lower interest rates can bring the economy back.
3. In most of the country, real estate is poised for a comeback. It's not just low mortgage rates. For most of the metropolitan areas in this country, housing inventory has been cleared out and lack of effective demand is now the only issue. As the recession moderates and interest rates stay low, we will see a sharp comeback of the real estate sector.

That's part of the scorecard and it represents the thinking behind the forecast attached to this commentary. We think that the first half of 2009 will be a continuation of 2008, but that by late summer, it will be clear that the economy is coming back. This in turn will trigger jobs growth, housing activity and a stronger flow of credit. After that, as we get into 2010, we'll need to start worrying about inflation, but that's a story for another day.

The National Economic and Real Estate Forecast

Indicator	History						Forecast					2008	2009
	2006	2007	2007Q4	2008Q1	2008Q2	2008Q3	2008Q4	2009Q1	2009Q2	2009Q3	2009Q4		
Real GDP (% change,saar)	3.1	2.0	-0.2	0.9	2.8	-0.5	-6.0	-5.0	-4.0	0.5	0.5	-0.7	-2.0
Employment (% change in nonfarm payrolls)	1.3	1.1	0.8	-0.3	-0.6	-0.7	-2.0	-2.5	-2.0	-0.5	0.5	-0.9	-1.1
CPI (% change*)	3.2	2.9	5.0	4.3	5.0	6.7	-3.0	-1.0	-0.5	2.0	3.5	3.3	1.0
Consumer Confidence Index	105	103	91	77	57	57	58	60	65	75	85	62	71
30-Year Mortgage (%)	6.4	6.3	6.2	5.9	6.1	6.3	5.7	4.9	4.8	5.0	5.3	6.0	5.0
1-Year ARM (%)	5.5	5.5	5.6	5.1	5.2	5.2	4.9	4.0	4.0	4.3	4.5	5.1	4.2
Home Resales (000s,saar)	6,478	5,652	4,997	4,953	4,910	5,023	4,900	4,950	5,000	5,100	5,200	4,947	5,063
% change*	-8.5	-12.8	-20.2	-22.9	-17.0	-7.4	-1.9	-0.1	1.8	1.5	6.1	-12.5	2.3
New Home Sales (000s,saar)	1,051	776	651	561	519	472	430	420	420	440	450	496	433
% change*	-18.1	-26.3	-24.7	-34.2	-39.3	-35.5	-33.9	-25.1	-19.1	-6.8	4.7	-36.1	-12.7
Med. Resale Price	\$221,900	\$218,900	\$207,500	\$198,500	\$208,400	\$202,100	\$190,000	\$185,000	\$190,000	\$200,000	\$195,000	\$199,766	\$192,580
% change*	1.0	-1.4	-5.4	-7.4	-7.0	-9.1	-8.4	-6.8	-8.8	-1.0	2.6	-8.74	-3.6
Avg. Resale Price	\$268,200	\$266,000	\$255,000	\$245,000	\$252,800	\$245,000	\$224,800	\$220,000	\$225,000	\$240,000	\$235,000	\$241,933	\$230,123
% change*	0.6	-0.8	-4.1	-6.2	-7.0	-8.8	-11.8	-10.2	-11.0	-2.0	4.5	-9.0	-4.9
Med. New Home Price	\$246,500	\$247,200	\$238,400	\$233,900	\$235,300	\$226,600	\$220,000	\$210,000	\$220,000	\$225,000	\$220,000	\$229,513	\$218,844
% change*	2.3	0.3	-2.9	-9.1	-2.8	-6.2	-7.7	-10.2	-6.5	-0.7	0.0	-7.2	-4.6
Avg. New Home Price	\$305,900	\$313,600	\$305,800	\$290,400	\$304,200	\$283,400	\$280,000	\$275,000	\$280,000	\$285,000	\$280,000	\$290,090	\$280,058
% change*	3	2.5	2.1	-9.8	-1.9	-5.9	-8.4	-5.3	-8.0	0.6	0.0	-7.5	-3.5
Housing Starts (000s,saar)	1,804	1,355	1,151	1,053	1,025	879	780	770	770	800	850	934	798
% change*	-12.8	-24.8	-26.0	-27.9	-30.0	-32.6	-32.2	-26.9	-24.9	-9.0	9.0	-31.1	-14.6

*Comparison with same period in previous year. Real GDP, home sales/starts are at seasonally adjusted annual rates (saar).

Sources: Bureau of Economic Analysis, Bureau of Labor Statistics; Conference Board; Freddie Mac;

Housing indicators: National Association of Realtors; Census Bureau.

The National Economic and Real Estate Forecast

Indicator	History								Forecast				2007	2008
	2005	2006	2006Q4	2007Q1	2007Q2	2007Q3	2007Q4	2008Q1	2008Q2	2008Q3	2008Q4			
Real GDP (% change,saar)	3.2	3.1	2.1	0.6	3.8	3.9	0.5	1.0	1.5	2.3	2.5	2.2	1.8	
Employment (% change in nonfarm payrolls)	1.5	1.3	1.5	1.5	1.2	0.9	1.00	0.90	0.90	0.90	0.50	1.15	0.80	
CPI (% change*)	3.4	3.2	-2.1	3.8	6.0	1.9	4.0	3.7	3.6	3.5	3.8	3.9	3.7	
Consumer Confidence Index	100	105	107	110	107	106	100	100	100	101	100	106	100	
30-Year Mortgage (%)	5.9	6.4	6.3	6.2	6.3	6.6	6.0	5.8	6.0	6.0	6.0	6.3	6.0	
1-Year ARM (%)	4.5	5.5	5.5	5.5	5.5	5.7	5.5	5.4	5.3	5.3	5.3	5.6	5.3	
Home Resales (000s,saar)	7,076	6,478	6,263	6,423	5,917	5,423	4,900	4,900	4,950	5,000	5,100	5,666	4,988	
% change*	4.4	-8.5	-10.1	-6.4	-10.7	-13.7	-21.8	-23.7	-16.3	-7.8	4.1	-12.5	-12.0	
New Home Sales (000s,saar)	1,283	1,051	864	853	855	732	670	690	690	695	695	778	693	
% change*	6.6	-18.1	-22.0	-25.3	-21.7	-23.6	-22.5	-19.1	-19.3	-5.1	3.7	-26.0	-10.9	
Med. Resale Price	\$219,600	\$221,900	\$219,300	\$214,300	\$224,100	\$222,300	\$210,000	\$205,000	\$210,000	\$210,000	\$220,000	\$217,843	\$211,328	
% change*	12.4	1.0	-2.7	-2.0	-1.1	-1.2	-4.2	-4.3	-6.3	-5.5	4.8	-0.80	-3.0	
Avg. Resale Price	\$266,600	\$268,200	\$265,900	\$261,200	\$271,900	\$268,500	\$240,000	240,000	250,000	255,000	260,000	\$261,157	\$251,353	
% change*	9.1	0.6	-1.8	-1.6	-0.5	-0.7	-9.7	-8.1	-8.1	-5.0	8.3	-2.0	-3.8	
Med. New Home Price	\$240,900	\$246,500	\$245,400	\$257,400	\$242,200	\$241,700	\$225,000	\$220,000	\$230,000	\$240,000	\$230,000	\$242,546	\$230,018	
% change*	9	2.3	0.7	3.9	-1.7	2.6	-8.3	-14.5	-5.0	-0.7	2.2	0.7	-5.2	
Avg. New Home Price	\$297,000	\$305,900	\$299,600	\$322,100	\$310,100	\$298,500	\$280,000	\$270,000	\$280,000	\$300,000	\$290,000	\$304,176	\$285,036	
% change*	8.2	3.0	1.8	5.5	2.5	3.1	-6.5	-16.2	-9.7	0.5	3.6	2.4	-6.3	
Housing Starts (000s,saar)	2,068	1,804	1,555	1,460	1,464	1,304	1,000	980	950	930	1,000	1,307	965	
% change*	5.7	-12.8	-24.8	-31.4	-21.3	-23.5	-35.7	-32.9	-35.1	-28.7	0.0	-36.8	-26.2	

*Comparison with same period in previous year. Real GDP,home sales/starts are at seasonally adjusted annual rates (saar).

Sources: Bureau of Economic Analysis, Bureau of Labor Statistics; Conference Board; Freddie Mac;

Housing indicators: National Association of Realtors; Census Bureau.

January 2009

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2007-08 Forecast

		EHS Prices: weighted median	weighted average	avg price Pct. Chg. annualized
2005	Oct	225418.4	270722.1	
	Nov	225400	270700	12.00%
	Dec			
2006	Jan	218561.7	265540.7	
q1	Feb	218600	265500	9.03%
	Mar			
	Apr	226937.9	273262.5	
q2	May	226900	273300	5.36%
	Jun			
	Jul	225140.5	270506.2	
q3	Aug	225100	270500	1.84%
	Sept r			
	Oct p			
q4	Nov	217422.7	264713.2	-3.54% -2.21% forecast
	Dec			

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		Median	Average	Units	% Chg. avg
2003		\$178,800	\$222,200	6,175,000	
2004		195,400	244,400	6,779,000	9.99%
2005		219,600	266,600	7,075,000	9.08%
2005	Oct	229,000	273,000	565,000	
	Nov	225,000	271,000	531,000	
2006	Dec	222,000	268,000	527,000	
q1	Jan	220,000	268,000	373,000	
	Feb	218,000	264,000	401,000	
	Mar	218,000	265,000	554,000	
q2	Apr	222,000	269,000	560,000	
	May	229,000	274,000	642,000	
	Jun	229,000	276,000	699,000	
q3	Jul	230,000	275,000	604,000	
	Aug	224,000	270,000	653,000	
	Sept r	221,000	266,000	529,000	
q4	Oct r	219,000	265,000	517,000	
	Nov p	218,000	266,000	472,000	
	Dec	215,100	263,100	468,400	estimate/forecast

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Existing Home Sales

Year		U.S.	Northeast	Midwest	South	West	U.S.	Northeast	Midwest	South	West	Inventory	Mos. Supply
2004		6,778,000	1,113,000	1,550,000	2,540,000	1,575,000	*	*	*	*	*	2,244,000	4.3
2005		7,076,000	1,169,000	1,588,000	2,702,000	1,617,000	*	*	*	*	*	2,846,000	4.5
2006		6,478,000	1,086,000	1,483,000	2,563,000	1,346,000	*	*	*	*	*	3,450,000	6.5
		Seasonally Adjusted Annual Rate					Not Seasonally Adjusted						
2006	Oct	6,270,000	1,030,000	1,420,000	2,520,000	1,300,000	518,000	87,000	114,000	210,000	107,000	3,860,000	7.4
	Nov	6,250,000	1,080,000	1,420,000	2,470,000	1,280,000	472,000	79,000	103,000	189,000	101,000	3,810,000	7.3
	Dec	6,270,000	1,070,000	1,460,000	2,490,000	1,250,000	469,000	79,000	106,000	192,000	92,000	3,450,000	6.6
2007	Jan	6,440,000	1,060,000	1,520,000	2,540,000	1,320,000	362,000	61,000	77,000	147,000	77,000	3,539,000	6.6
	Feb	6,680,000	1,220,000	1,560,000	2,570,000	1,320,000	387,000	73,000	89,000	153,000	72,000	3,805,000	6.8
	Mar	6,150,000	1,140,000	1,390,000	2,410,000	1,210,000	484,000	82,000	110,000	192,000	100,000	3,806,000	7.4
	Apr	6,010,000	1,040,000	1,400,000	2,380,000	1,190,000	515,000	86,000	122,000	202,000	105,000	4,220,000	8.4
	May	5,980,000	1,090,000	1,410,000	2,300,000	1,180,000	577,000	98,000	142,000	220,000	117,000	4,378,000	8.8
	Jun	5,760,000	1,010,000	1,380,000	2,260,000	1,100,000	605,000	108,000	146,000	233,000	118,000	4,368,000	9.1
	Jul	5,750,000	1,020,000	1,350,000	2,260,000	1,120,000	568,000	113,000	138,000	215,000	102,000	4,561,000	9.5
	Aug	5,480,000	1,000,000	1,280,000	2,180,000	1,010,000	575,000	107,000	135,000	228,000	105,000	4,383,000	9.6
	Sept r	5,030,000	900,000	1,200,000	2,030,000	910,000	410,000	74,000	101,000	165,000	70,000	4,370,000	10.4
	Oct p	4,970,000	900,000	1,180,000	2,030,000	870,000	421,000	76,000	97,000	174,000	74,000	4,453,000	10.8
	vs. last month:	-1.2%	0.0%	-1.7%	0.0%	-4.4%	2.7%	2.7%	-4.0%	5.5%	5.7%	1.9%	3.8%
	vs. last year:	-20.7%	-12.6%	-16.9%	-19.4%	-33.1%	-18.7%	-12.6%	-14.9%	-17.1%	-30.8%	15.4%	45.9%
	year-to-date:						4.904	0.878	1.157	1.929	0.940		

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Sales Price of Existing Homes

Year		U.S.	Northeast	Midwest	South	West	U.S.	Northeast	Midwest	South	West
		Median					Average (Mean)				
2004		\$195,400	\$243,800	\$154,600	\$170,400	\$286,400	\$244,400	\$273,600	\$189,400	\$215,600	\$324,300
2005		219,600	271,300	170,600	181,700	335,300	266,600	297,000	203,800	231,700	363,800
2006		221,900	271,900	167,800	183,700	342,700	268,200	299,700	205,300	230,000	371,300
		Not Seasonally Adjusted					Not Seasonally Adjusted				
2006	Oct r	218,900	255,400	166,600	183,700	341,800	264,600	287,900	203,200	228,100	370,000
	Nov	217,300	266,900	163,900	178,600	349,400	265,100	295,400	201,700	223,500	375,700
	Dec	221,600	284,000	166,200	180,900	348,300	268,000	308,900	201,200	225,200	375,800
		219,250					265,855				
2007	Jan	210,900	262,200	161,300	175,200	321,700	257,300	292,500	194,700	222,500	352,300
	Feb	213,600	263,000	155,300	178,600	336,700	260,100	292,200	188,400	225,200	366,700
	Mar	217,400	272,500	160,900	179,900	335,000	265,200	302,100	199,100	227,300	365,200
		214,299					261,213				
	Apr	219,800	283,000	164,000	179,800	343,400	268,100	308,500	200,100	226,700	373,100
	May	222,700	285,400	166,100	182,800	342,000	270,600	313,200	204,300	229,700	372,000
	Jun	229,200	293,000	170,100	189,500	347,400	276,500	318,900	210,600	237,500	375,200
		224,137					271,945				
	Jul	228,700	292,300	173,800	185,500	349,400	276,000	317,200	214,800	232,600	376,400
	Aug	224,400	282,300	177,800	183,200	332,300	269,300	310,100	210,300	228,600	364,900
	Sept r	210,400	260,800	166,000	174,200	312,300	257,100	293,900	199,100	217,600	350,300
		222,277					268,530				
	Oct p	207,800	258,700	164,000	171,400	318,200	255,500	292,700	197,900	214,800	353,400
	vs. last year:	-5.1%	1.3%	-1.6%	-6.7%	-6.9%	-3.4%	1.7%	-2.6%	-5.8%	-4.5%

January 2009

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2008-2009 Forecast

		sales		prices		Prices Quarterly		Rounded		
				med	avg	Wtd. Avg.		med	avg	
						med	avg			
2007	Oct	421,000		206,700	255,100	Q407	207,489.4	254,960.4	207,500	255,000
2007	Nov	388,000		208,800	255,700					
2007	Dec	360,000		207,000	254,000					
2008	Jan	278,000		199,700	245,500	Q108	198,529.8	244,990.2	198,500	245,000
2008	Feb	312,000		195,600	242,000					
2008	Mar	375,000		200,100	247,100					
2008	Apr	434,000		201,200	247,200	Q208	208,407.4	252,830.5	208,400	252,800
2008	May	483,000		207,900	252,600					
2008	Jun	504,000		215,100	257,900					
2008	Jul	504,000		210,300	253,300	Q308	202,054.7	244,999.2	202,100	245,000
2008	Aug	489,000		203,100	245,400					
2008	Sept	438,000		191,400	235,000					
2008	Oct r	413,000		186,500	229,700	Q408	181,909.8	224,838.7	181,900	224,800
2008	Nov p	322,000		181,300	224,200					
	dec est	300,000		176,245	218,831.7					

For Dec. use last month % chg to modify Nov

January 2009

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2008 Estimates:
 Median Average
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Year		U.S.	Northeast	Midwest	South	West	U.S.	Northeast	Midwest	South	West	Inventory	Mos. Supply
2005		7,076,000	1,169,000	1,588,000	2,702,000	1,617,000	*	*	*	*	*	2,846,000	4.5
2006		6,478,000	1,086,000	1,483,000	2,563,000	1,346,000	*	*	*	*	*	3,450,000	6.5
2007		5,652,000	1,006,000	1,327,000	2,235,000	1,084,000	*	*	*	*	*	3,974,000	8.9
		Seasonally Adjusted Annual Rate					Not Seasonally Adjusted						
2007	Nov	5,020,000	890,000	1,190,000	1,990,000	950,000	388,000	67,000	87,000	156,000	78,000	4,217,000	10.1
2007	Dec	4,910,000	840,000	1,160,000	1,960,000	950,000	360,000	61,000	83,000	150,000	66,000	3,974,000	9.7
2008	Jan	4,890,000	800,000	1,210,000	1,950,000	930,000	278,000	45,000	62,000	115,000	56,000	4,160,000	10.2
2008	Feb	5,030,000	890,000	1,240,000	1,990,000	920,000	312,000	56,000	76,000	125,000	55,000	4,018,000	9.6
2008	Mar	4,940,000	910,000	1,170,000	1,920,000	940,000	375,000	65,000	90,000	147,000	73,000	4,118,000	10.0
2008	Apr	4,890,000	870,000	1,100,000	1,920,000	1,000,000	434,000	74,000	100,000	168,000	92,000	4,549,000	11.2
2008	May	4,990,000	910,000	1,160,000	1,910,000	1,020,000	483,000	82,000	117,000	180,000	104,000	4,482,000	10.8
2008	Jun	4,850,000	850,000	1,110,000	1,860,000	1,030,000	504,000	91,000	118,000	188,000	107,000	4,495,000	11.1
2008	Jul	5,020,000	910,000	1,130,000	1,850,000	1,130,000	504,000	101,000	117,000	180,000	106,000	4,575,000	10.9
2008	Aug	4,910,000	840,000	1,140,000	1,860,000	1,070,000	489,000	87,000	111,000	185,000	106,000	4,335,000	10.6
2008	Sept	5,140,000	840,000	1,170,000	1,900,000	1,230,000	438,000	73,000	104,000	163,000	98,000	4,272,000	10.0
2008	Oct r	4,910,000	830,000	1,080,000	1,840,000	1,170,000	413,000	69,000	88,000	156,000	100,000	4,198,000	10.3
2008	Nov p	4,490,000	730,000	1,000,000	1,640,000	1,120,000	322,000	51,000	67,000	119,000	85,000	4,203,000	11.2
2008	Dec Est:	4,389,540					4,552,000	NovYTD					
	avg:	4,505,000					298,763	relative	Dec08=Nov08*(Dec07/Nov07)				
							300,000	Dec Est.					
							4,852,000	Total Est.					
	vs. last month:	-8.6%	-12.0%	-7.4%	-10.9%	-4.3%	-22.0%	-26.1%	-23.9%	-23.7%	-15.0%	0.1%	8.7%
	vs. last year:	-10.6%	-18.0%	-16.0%	-17.6%	17.9%	-17.0%	-23.9%	-23.0%	-23.7%	9.0%	-0.3%	10.9%
	year-to-date:						4.552	0.794	1.050	1.726	0.982		

Sales Price of Existing Homes

Year		U.S.	Northeast	Midwest	South	West	U.S.	Northeast	Midwest	South	West
		Median					Average (Mean)				
2005		\$219,600	\$271,300	\$170,600	\$181,700	\$335,300	\$266,600	\$297,000	\$203,800	\$231,700	\$363,800
2006		221,900	271,900	167,800	183,700	342,700	268,200	299,700	205,300	230,000	371,300
2007		219,000	279,100	165,100	179,300	335,000	266,000	307,100	200,500	225,600	365,900
		Not Seasonally Adjusted					Not Seasonally Adjusted				
2007	Nov r	208,800	257,900	160,300	172,900	325,400	255,700	289,800	191,900	217,400	357,200
2007	Dec	207,000	254,900	159,000	172,300	311,100	254,000	291,100	193,400	216,700	347,700
2008	Jan	199,700	268,500	148,500	164,000	296,200	245,500	298,400	178,800	206,500	335,600
2008	Feb	195,600	264,500	142,800	163,300	292,400	242,000	292,700	175,100	204,600	333,100
2008	Mar	200,100	283,600	150,900	167,700	284,800	247,100	310,800	183,200	209,600	325,200
2008	Apr	201,200	261,300	157,700	170,000	285,700	247,200	294,400	188,500	212,900	327,000
2008	May	207,900	278,300	162,900	174,900	286,000	252,600	309,100	190,700	219,000	326,700
2008	Jun	215,100	264,900	172,700	185,700	285,700	257,900	298,700	201,900	230,500	328,500
2008	Jul	210,300	278,300	167,700	176,900	282,000	253,300	307,100	196,900	221,100	322,400
2008	Aug	203,100	271,100	168,000	176,500	251,600	245,400	300,700	196,400	220,400	294,500
2008	Sept	191,400	250,800	149,700	165,700	255,100	235,000	288,100	177,300	206,100	299,000
2008	Oct r	186,500	241,800	145,400	160,800	258,900	229,700	277,000	175,500	202,100	294,400
2008	Nov p	181,300	257,700	142,400	154,500	242,500	224,200	285,500	168,200	193,200	284,000
	Oct-Nov%	-2.788%					-2.394%				
2008	Dec Est:										
	vs. last year:	-13.2%	-0.1%	-11.2%	-10.6%	-25.5%	-12.3%	-1.5%	-12.4%	-11.1%	-20.5%

January 2009

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Table Q6. Median and Average Sales Price of Houses Sold by Region
[Dollars]

Period		United States ¹	Northeast	Midwest	South	West
Median sales price						
ANNUAL DATA						
2005		240,900	343,800	216,900	197,300	332,600
2006		246,500	346,000	213,500	208,200	337,700
2007		247,900	320,200	208,600	217,700	330,900
RSE (%)		3	11	5	4	5
QUARTERLY DATA						
2005:	1st quarter	232,500	366,800	219,000	188,600	309,800
	2nd quarter	233,700	325,700	208,900	192,000	329,900
	3rd quarter	236,400	318,700	202,700	190,000	344,300
	4th quarter	243,600	370,300	224,200	200,000	332,000
2006:	1st quarter	247,700	334,600	210,700	205,900	330,000
	2nd quarter	246,300	344,600	203,100	206,700	329,800
	3rd quarter	235,600	380,500	216,800	195,100	342,200
	4th quarter	245,400	351,400	216,200	207,400	356,500
2007:	1st quarter	257,400	370,300	212,800	222,900	341,500
	2nd quarter	242,200	304,900	203,200	208,300	344,600
	3rd quarter	241,800	301,300	209,600	214,900	310,200
	4th quarter	238,400	336,900	197,400	214,900	321,300
2008:	1st quarter	233,900	325,900	219,200	202,200	293,700
	2nd quarter ^f	235,300	352,500	198,500	208,100	302,500
	3rd quarter ^f	225,700	414,400	182,400	200,800	289,200
RSE (%)		4	13	6	6	6
Average sales price						
ANNUAL DATA						
2004		274,500	366,100	240,800	232,800	340,000
2005		297,000	397,000	249,800	249,200	388,700
2006		305,900	428,300	257,100	257,700	405,900
2007		313,600	437,700	256,800	269,800	403,700
RSE (%)		3	15	6	5	5
QUARTERLY DATA						

2004:	1st quarter	262,900	363,900	238,400	221,800	317,500
	2nd quarter	265,300	333,400	239,800	214,900	337,900
	3rd quarter	274,000	384,100	237,900	229,800	345,500
	4th quarter	286,300	404,400	239,400	239,500	362,500
2005:	1st quarter	288,500	396,600	240,400	242,500	374,200
	2nd quarter	287,800	373,000	239,700	236,600	386,200
	3rd quarter	294,600	396,500	239,400	241,600	396,200
	4th quarter	294,200	426,300	261,800	240,300	387,900
2006:	1st quarter	305,300	408,300	259,200	258,500	399,200
	2nd quarter	302,600	431,200	242,300	250,700	413,200
	3rd quarter	308,100	454,100	257,200	256,200	409,300
	4th quarter	299,600	416,000	264,600	251,100	415,600
2007:	1st quarter	322,100	508,600	252,000	271,200	418,600
	2nd quarter	310,100	404,900	261,600	264,000	414,000
	3rd quarter	301,200	423,500	244,700	256,500	388,700
	4th quarter	305,800	425,400	251,700	271,300	383,900
2008:	1st quarter	290,400	464,600	272,800	248,500	354,500
	2nd quarter ^f	304,200	511,000	239,100	268,100	375,400
	3rd quarter ^f	283,400	488,900	224,200	247,300	361,400
RSE (%)		4	13	6	6	6

^pPreliminary. ^rRevised. RSE Relative standard error.

¹ May reflect revisions not distributed to months.

2008 Forecast/Dec07 early Jan08

Table Q6. Median and Average Sales Price of Houses Sold by Region
[Dollars]

Period		United States ¹	Northeast	Midwest	South	West	
		Median sales price					
New Houses Sold		ANNUAL DATA					
ANNUAL DATA		ANNUAL DATA					
2003		195,000	264,500	184,300	168,100	260,900	
2004		221,000	315,800	205,000	181,100	283,100	
2005		240,900	343,800	216,900	197,300	332,600	
2006		246,500	346,000	213,500	208,200	337,700	
RSE (%)		3	8	6	5	5	
QUARTERLY DATA		QUARTERLY DATA					
2003:		2003:					
1st quarter	256	186,000	208,100	178,200	165,800	253,700	
2nd quarter	298	191,800	279,900	176,500	164,600	245,600	
3rd quarter	293	191,900	259,400	184,000	163,400	272,200	
4th quarter	239	198,800	290,000	189,600	169,400	272,800	
2004:		2004:					
1st quarter	314	212,700	292,000	208,900	173,800	273,300	
2nd quarter	329	217,600	290,300	203,500	171,400	278,700	
3rd quarter	292	213,500	347,700	198,100	176,700	277,100	
4th quarter	268	228,800	357,400	214,300	190,900	297,000	
2005:		2005:					
1st quarter	328	232,500	366,800	219,000	188,600	309,800	
2nd quarter	351	233,700	325,700	208,900	192,000	329,900	
3rd quarter	326	236,400	318,700	202,700	190,000	344,300	
4th quarter	277	243,600	370,300	224,200	200,000	332,000	
2006:		2006:					
1st quarter	285	247,700	334,600	210,700	205,900	330,000	
2nd quarter	300	246,300	344,600	203,100	206,700	329,800	
3rd quarter	250	pctyrago 0.74%	235,600	380,500	216,800	195,100	342,200
4th quarter	216	245,400	351,400	216,200	207,400	356,500	
2007:		2007:					
1st quarter	213	3.92%	257,400	370,300	212,800	222,900	341,500
2nd quarter	235	-1.66%	242,200	304,900	203,200	208,300	344,600
3rd quarter	191	2.59%	241,700	296,400	205,600	212,400	309,400
RSE (%)		3	13	8	3	5	
		Average sales price					
ANNUAL DATA		ANNUAL DATA					
2003		246,300	315,700	218,200	208,900	306,800	
2004		274,500	366,100	240,800	232,800	340,000	
2005		297,000	397,000	249,800	249,200	388,700	
2006		305,900	428,300	257,100	257,700	405,900	
RSE (%)		2	10	5	4	5	
QUARTERLY DATA		QUARTERLY DATA					

2003:	1st quarter	233,100	284,400	213,700	202,800	283,500
	2nd quarter	241,000	315,200	206,500	205,600	293,800
	3rd quarter	248,100	313,400	218,500	204,200	324,800
	4th quarter	256,000	350,900	222,500	210,900	325,300
2004:	1st quarter	262,900	363,900	238,400	221,800	317,500
	2nd quarter	265,300	333,400	239,800	214,900	337,900
	3rd quarter	274,000	384,100	237,900	229,800	345,500
	4th quarter	286,300	404,400	239,400	239,500	362,500
2005:	1st quarter	288,500	396,600	240,400	242,500	374,200
	2nd quarter	287,800	373,000	239,700	236,600	386,200
	3rd quarter	294,600	396,500	239,400	241,600	396,200
	4th quarter	294,200	426,300	261,800	240,300	387,900
2006:	1st quarter	305,300	408,300	259,200	258,500	399,200
	2nd quarter	302,600	431,200	242,300	250,700	413,200
	3rd quarter	308,100	454,100	257,200	256,200	409,300
	1.84% 4th quarter	299,600	416,000	264,600	251,100	415,600
2007:	5.50% 1st quarter	322,100	508,600	252,000	271,200	418,600
	2.48% 2nd quarter ^r	310,100	404,900	261,600	264,000	414,000
	-3.12% 3rd quarter	298,500	417,100	238,000	253,000	394,200
	RSE (%)	3	13	8	3	5

^pPreliminary. ^rRevised. RSE Relative standard error.

¹ May reflect revisions not distributed to months.

Table Q1. New Houses Sold by Sales Price: United States

[Thousands of houses. Components may not add to total because of rounding. Value of improved lot included in sales price]

Period		Total	Under \$125,000	\$125,000 to \$149,999	\$150,000 to \$199,999	\$200,000 to \$249,999	\$250,000 to \$299,999	\$300,000 to \$399,999	\$400,000 to \$499,999	\$500,000 to \$749,999	\$750,000 and over
Number of houses ¹											
ANNUAL DATA											
2005		1,283	104	122	246	200	152	203	111	99	45
2006		1,051	64	97	208	162	138	174	84	80	43
2007		776	38	68	162	125	102	121	65	62	32
RSE (%)		3	15	10	5	6	6	7	9	8	13
QUARTERLY DATA											
2005:	1st quarter	328	31	34	66	51	35	47	29	25	9
	2nd quarter	351	31	32	73	55	42	54	29	25	11
	3rd quarter	326	28	33	67	45	37	55	25	25	11
	4th quarter	277	21	30	47	47	35	45	23	21	8
2006:	1st quarter	285	18	26	57	42	39	46	23	21	12
	2nd quarter	300	19	29	60	45	40	50	22	23	11
	3rd quarter	250	15	26	55	40	28	35	20	19	12
	4th quarter	216	15	20	41	33	28	37	18	17	8
2007:	1st quarter	213	10	17	42	33	30	36	19	17	9
	2nd quarter	235	12	21	52	37	30	36	19	18	10
	3rd quarter	181	9	18	37	31	26	25	14	14	7
	4th quarter	146	8	14	33	24	16	23	13	11	5
2008:	1st quarter	141	9	13	29	27	20	20	10	9	5
	2nd quarter ^f	143	8	13	30	25	19	21	9	10	6
	3rd quarter	118	9	13	26	21	13	15	10	7	4
RSE (%)		4	19	13	9	9	9	8	16	16	21
Percent distribution											
ANNUAL DATA											
2005		100	8	10	19	16	12	16	9	8	4
2006		100	6	9	20	15	13	17	8	8	4
2007		100	5	9	21	16	13	16	8	8	4
QUARTERLY DATA											
2005:	1st quarter	100	9	10	20	16	11	14	9	8	3
	2nd quarter	100	9	9	21	16	12	15	8	7	3
	3rd quarter	100	9	10	21	14	11	17	8	8	4
	4th quarter	100	7	11	17	17	13	16	8	8	3
2006:	1st quarter	100	6	9	20	15	14	16	8	7	4
	2nd quarter	100	6	10	20	15	13	17	7	8	4
	3rd quarter	100	6	10	22	16	11	14	8	8	5
	4th quarter	100	7	9	19	15	13	17	8	8	4

2007:	1st quarter	100	5	8	20	16	14	17	9	8	4
	2nd quarter	100	5	9	22	16	13	15	8	8	4
	3rd quarter	100	5	10	20	17	14	14	8	8	4
	4th quarter	100	5	10	23	16	11	16	9	7	3
2008:	1st quarter	100	6	9	21	19	14	14	7	6	3
	2nd quarter ^f	100	6	9	21	17	13	15	7	7	5
	3rd quarter	100	8	11	22	17	11	13	9	6	3

- Represents zero. A Represents an RSE that is greater than or equal to 100 or could not be computed.

^pPreliminary. ^rRevised. NA Not available. RSE Relative Standard Error.

Z Less than 500 units or less than 0.5 percent.

¹Houses for which sales price was not reported have been distributed proportionally to those for which sales price was reported.

January 2009

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