

New Homes and Construction

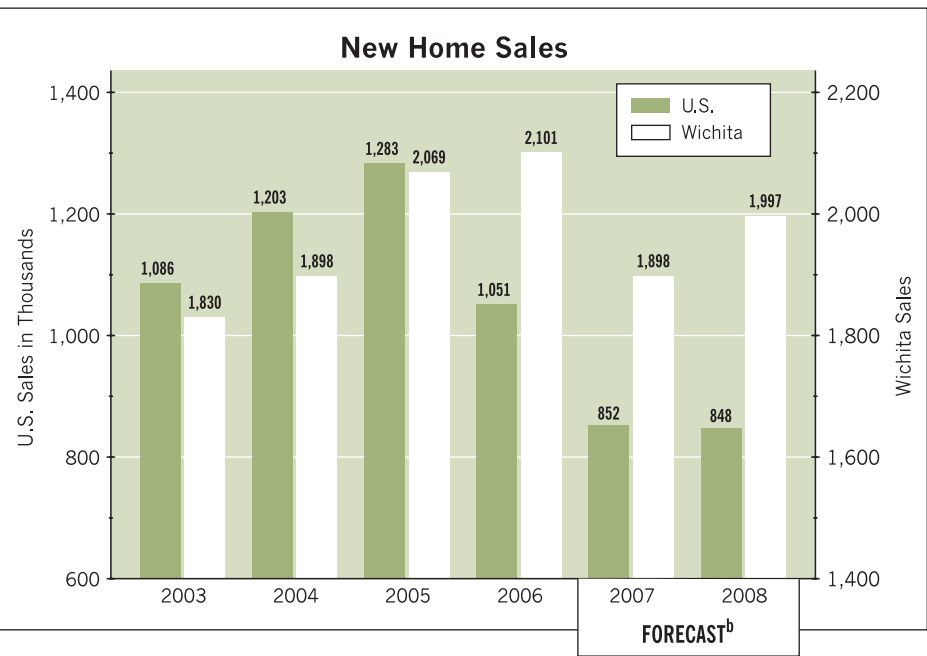
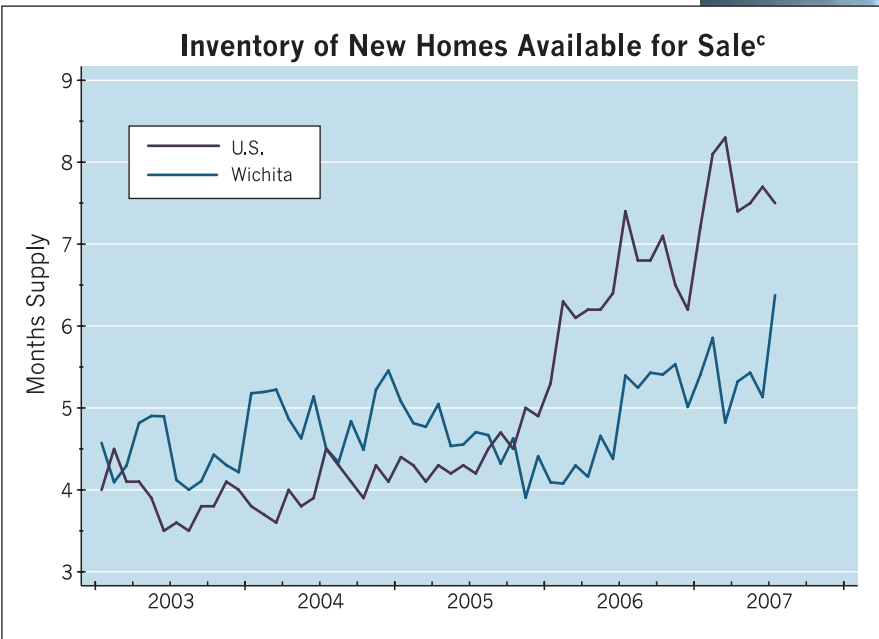
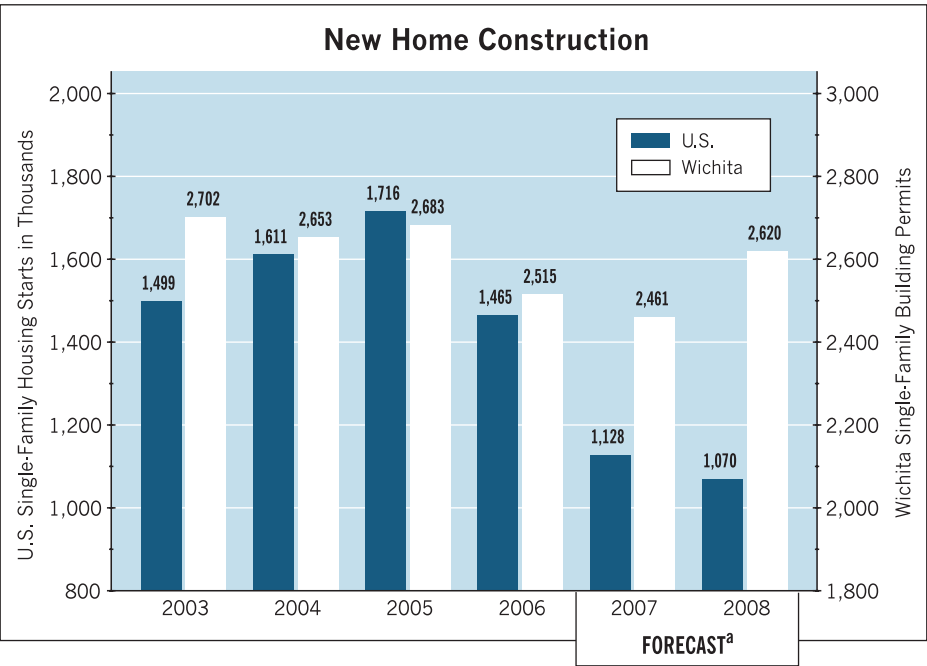
SPRING SQUALLS

The spring rain kept coming... and coming...and coming. Arriving on the heels of an unusually cold and snowy winter, it should be no surprise that new home sales and construction were down considerably in the first half of this year.

The spring squalls are giving way to clear skies for the foreseeable future.

Don't associate this drop with the national housing market storm, however. Ours was just a spring squall, giving way to clear skies for the foreseeable future.

Construction should rebound next year, increasing by 6.5 percent in 2008.



Inventories of new homes for sale remain near historical norms, and pent up demand should buoy the market in the coming months. As a result, both construction and sales should rise in the last half of the year, although not enough to offset the year's slow start. The rebound should continue next year, with new home construction rising by 6.5 percent in 2008. New home sales will follow, increasing by 5.2 percent in 2008.

New home sales should rise as well, increasing by 5.2 percent in 2008.