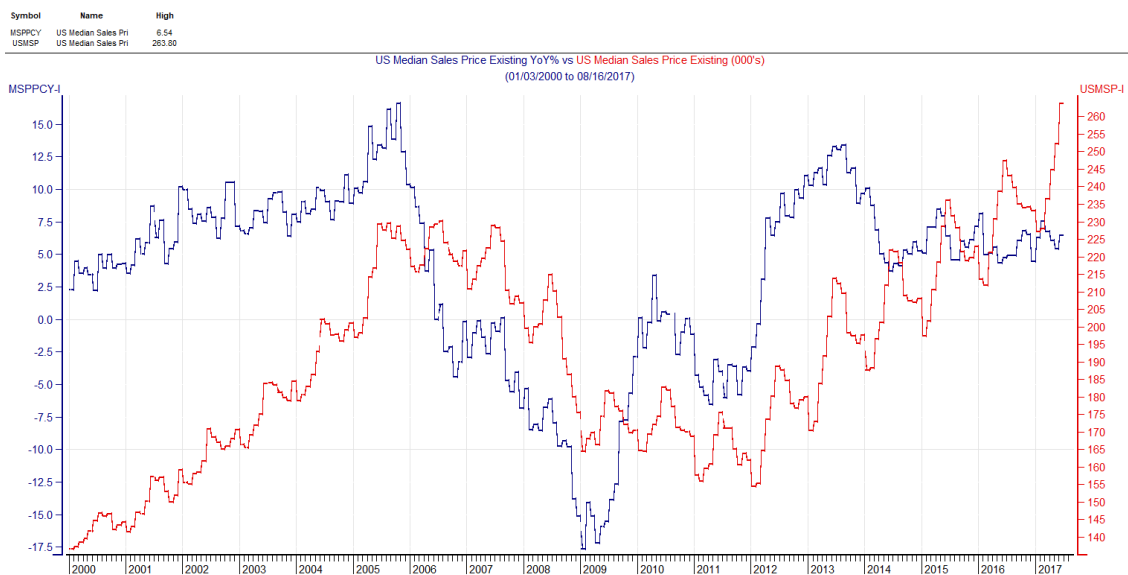
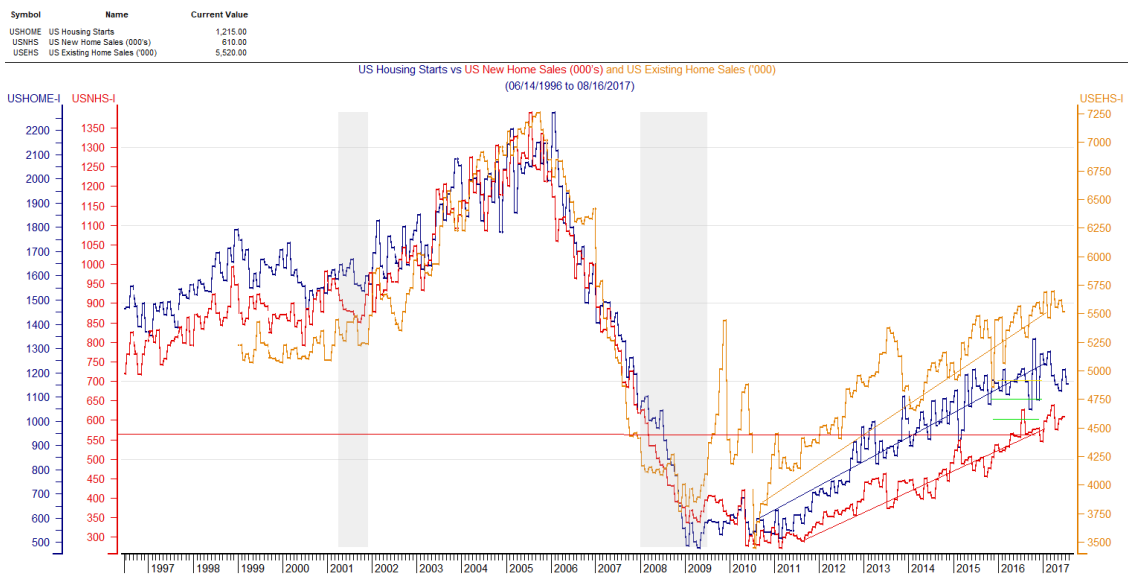


Earlier this month we updated housing starts which experienced a moderate decline to a 1,155,000 rate. As we further mentioned, it is not unusual to see one of the three indicators taking a different direction from the others on a month to month time period.

New home sales statistics were recently released and they continue to show a developing market where prices are increasing which correspondingly slowed demand. There is a lower level of supply available across the entire housing marketplace. New home sales dropped 9.4% for the month, but year-over-year activity is up 9.2%. The sales period, the time new homes stay on the market For Sale, is down to 2.9 months from a previous 3.6 months just a year ago; all signs of a tightening market; good for suppliers



and, not as good for buyers. Fortunately, the market is not showing signs of stress, but rather a normal activity when supply and demand are tilted to higher demand and moderate supply.