



US Housing Report

US HOUSING MARKET WEAKER THAN EXPECTED



1. US housing starts in August were a seasonally adjusted 1,142,000, down 5.8% month over month, but up 0.9% year over year.
2. New home sales fell by 7.6% month over month in August, while existing home sales declined by 0.9%.
3. The S&P CoreLogic Case-Shiller 20-City Composite Home Price NSA Index showed a year-over-year gain of 5.0% in July.
4. Home prices continued to rise moderately, supported mainly by low mortgage rates and a shortage of supply.

Indicator	Period	Actual	Survey	Prior	Impact on Economy
Construction					
Housing Starts (MoM)	Aug	(5.8)%	(1.8)%	1.4%	-
Building Permits (MoM)	Aug	(0.4)%	1.8%	(0.8)%	-
Home Sales					
New Home Sales (MoM)	Aug	(7.6)%	(8.3)%	12.4%	-
Existing Home Sales (MoM)	Aug	(0.9)%	1.1%	(3.4)%	-
Home Prices					
S&P CoreLogic Case-Shiller 20-City Home Price Index (NSA, YoY)	Jul	5.0 %	5.1 %	5.1 %	+
Median Sales Price for New Home Sales	Aug	(5.4)%	-	(1.0)%	-
Median Sales Price of Existing Home Sales	Aug	5.1%	-	5.0%	+

Source: US Bureau of the Census/Federal Reserve Board/S&P/National Association of Realtors

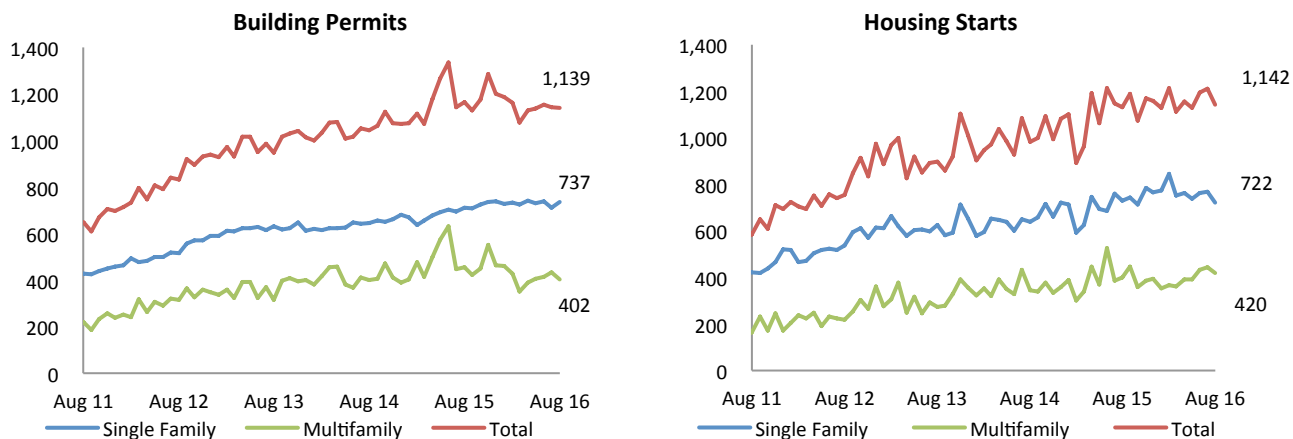
Home Construction

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US housing starts in August were a seasonally adjusted 1,142,000, down 5.8% month over month, but up 0.9% year over year; the August reading was weaker than the expectation of 1,190,000, or a 1.8% drop month over month. Single-family housing starts, a better indicator of consumer confidence and housing demand, were down 6% month over month. Housing starts followed a drop in building permits in July.

US building permits in August were a seasonally adjusted 1,139,000, down 0.4% month over month and down 2.3% year over year. The decline in building permits will likely continue to weigh on housing starts.

Figure 1. US Home Construction (Thous.)



Source: US Bureau of the Census

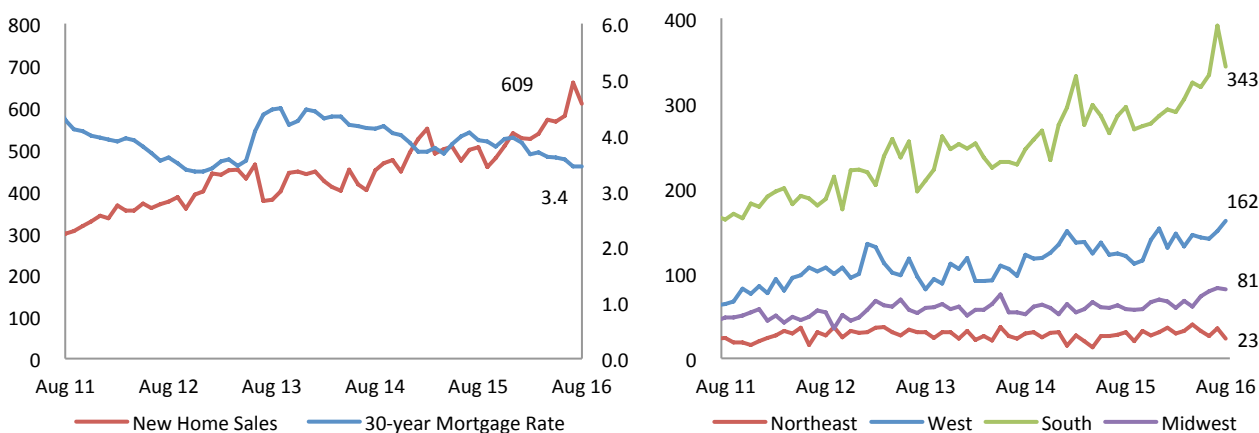
Home Sales

New home sales fell by 7.6% month over month in August.

New home sales fell by 7.6% month over month in August, giving back more than half of July's rise. The decline, however, had been expected due to seasonality and weather effects. The upward new home sales trend was sustained despite the pullback.

New home sales declined in all regions except the Western region. Sales in the South saw a 12.3% drop, impacted by heavy rain across the region, and due to higher comps in July. Sales in the Northeast plummeted 34.3%.

Figure 2. New Home Sales (Thous.)

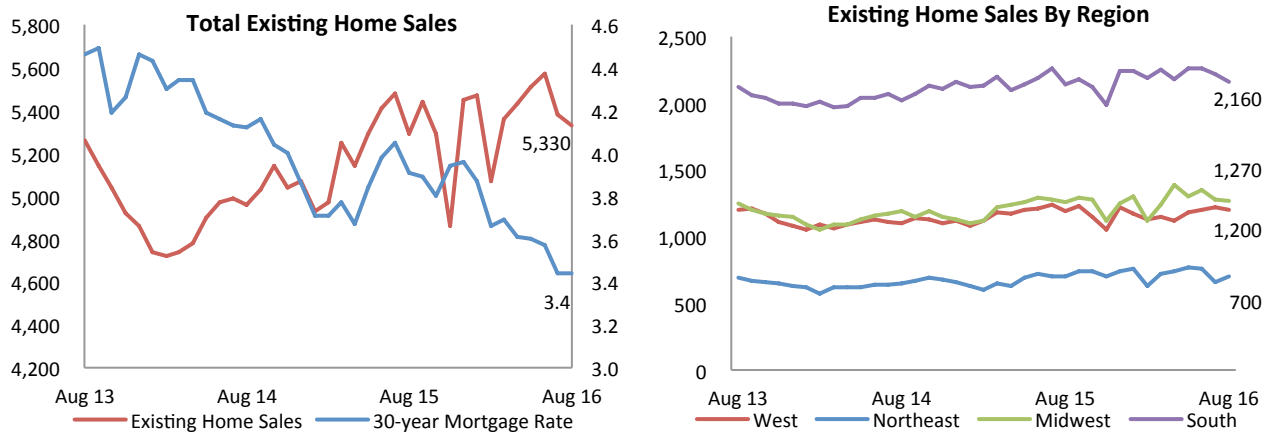


Source: US Bureau of the Census/Federal Reserve Board

Existing home sales declined by 0.9% month over month in August, to 5.3 million.

Existing home sales declined by 0.9% month over month in August, to 5.3 million. Sales of single-family houses fell by 2.3%, while sales of multi-family condominiums and co-ops jumped by 10.5%. The decline in existing home sales was mainly due to a lack of supply and lower affordability.

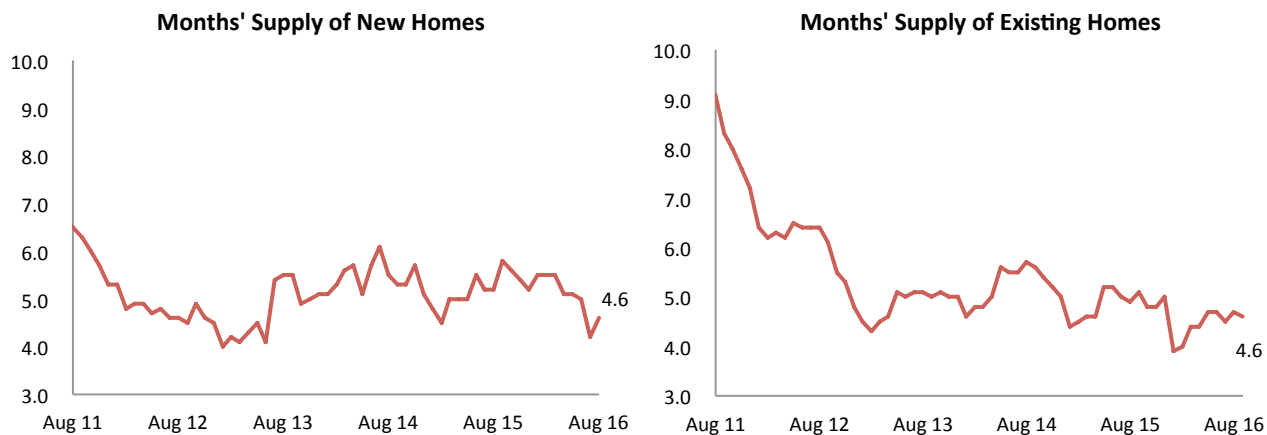
Figure 3. Existing Home Sales (Thous.)



Source: National Association of Realtors/Federal Reserve Board

The months' supply of new and existing home sales stood at 4.6 in August. The low level of for-sale inventories remains an obstacle to stronger home sales and a more robust recovery. Supplies of new home sales are constrained by higher construction costs and the shift toward the development of higher-end houses. A mere 6% of houses sold in August were priced under US\$150,000, while 24% of houses sold were priced above US\$400,000. Existing home supplies are scarce due to the expectation of rising home prices.

Figure 4. Months' Supply of Home Sales



Source: US Bureau of the Census/National Association of Realtors

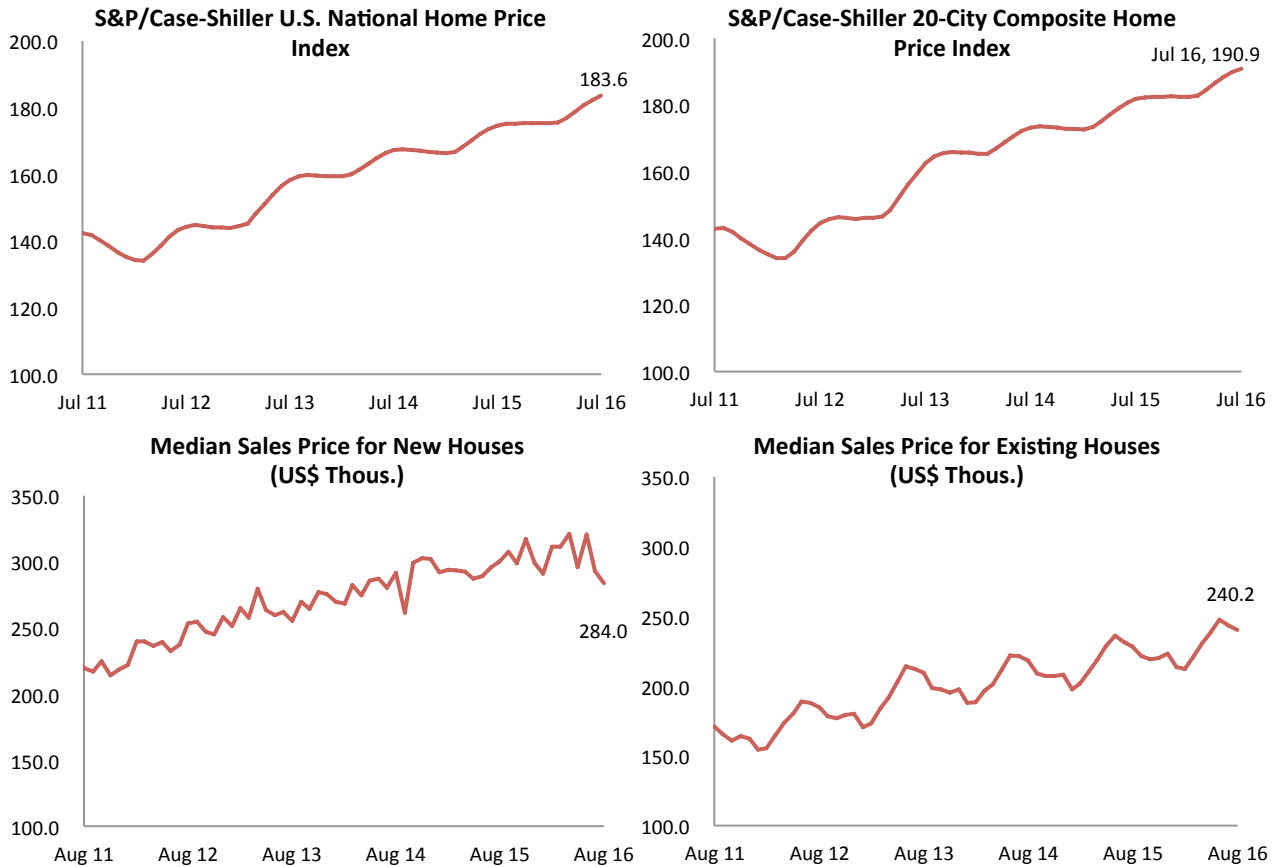
Home Prices

Home prices continued to rise moderately, supported mainly by low mortgage rates and a shortage of supply.

The S&P CoreLogic Case-Shiller 20-City Composite Home Price NSA Index showed a year-over-year gain of 5.0% in July, down from 5.1% in June and below the consensus estimate of 5.1%. Home prices continued to rise moderately, supported mainly by low mortgage rates and a shortage of supply.

The median home price for a new house in August was US\$284,000, down 5.4% year over year, and for an existing house was US\$240,200, up 5.1% year over year.

Figure 5. Home Prices



Source: US Bureau of the Census/S&P/National Association of Realtors

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