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The North State Building Industry Association (BIA) reported that there were 535 new home sales in March in the 205 communities it tracks (representing about two-thirds of the total number of active communities in the region). First quarter sales totaled 1,229, compared to 1,869 in the first quarter of 2007. Both production and custom homebuilders report increasing interest by homebuyers in the month of March, which may indicate that sales have bottomed out and will begin to show improvement starting with the second quarter.

The percentage of sales in each region for the month of March is as follows:

- Placer County (Roseville, Rocklin, Lincoln, Granite Bay): 38%
- Antelope, North Highlands, Natomas, North Sacramento area: 16.5%
- Vineyard/South Sacramento (Elk Grove) area: 10%
- Yuba City/Marysville area: 9.5%
- Northeast Suburban (Rancho Cordova, Gold River): 8.5%
- Yolo County: 5.5%
- Folsom, El Dorado Hills, Rancho Murieta: 5.5%
- City of Sacramento: 4%
- Laguna, Franklin: 2.5%
- Galt: 0%.

During the first quarter of 2008, 42.5 percent of new home sales were priced at or below \$400,000. 50.5 percent were priced between \$400,000 and \$600,000. The remaining 7 percent were priced from \$600,000.

The 30-year fixed-rate mortgage (FRM) averaged 5.88 percent with an average 0.5 point for the week ending April 3, 2008, up from the previous week when it averaged 5.85 percent. Last year at this time, the 30-year FRM averaged 6.17 percent.

"While prime, conforming rates still remain at historically low levels, long-term mortgage rates did drift slightly upwards last week on signs that the economy may have a little more strength than what financial markets forecasted," said Frank Nothaft, Freddie Mac vice president and chief economist. "For instance, consumer spending in the fourth

quarter of 2007 was revised upwards in the final estimate of Gross Domestic Product (GDP). More recently, February's personal income growth was the strongest since July 2007, and the ISM manufacturing index rose unexpectedly in March. Strong economic growth can lead to an up-tick in inflation fears, which tends to place upward pressure on mortgage rates; however, fears of economic recession, too, are putting pressure on the markets.

"Housing, however, still continues to be a drag on the economy. In 2007, residential fixed investment shaved nearly a full percentage point off of GDP, the most since 1980. In February, median existing house prices (excluding condominiums and co-ops) were 16.0 percent below the peak in June 2007 and median new home prices were 7.0 percent below the record set in March 2007. Moreover, new construction of one-family homes was 61.5 percent below its all-time recent peak in January 2006."

The unemployment rate in the Sacramento-Arden-Arcade-Roseville MSA was 6.2 percent in February 2008, down from a revised 6.4 percent in January 2008, but above the year-ago estimate of 5.4 percent. This compares with an unadjusted unemployment rate of 6.1 percent for California and 5.2 percent for the nation during the same period. The unemployment rate was 6.3 percent in El Dorado County, 5.6 percent in Placer County, 6.1 percent in Sacramento County, and 7.6 percent in Yolo County.

Between January 2008 and February 2008, the total number of wage and salary jobs rose from 903,900 to 906,900, a gain of 3,000 jobs.

- Government recorded the largest month-over gain with the addition of 2,000 jobs, mostly due to seasonal increases in state and local education following holiday and semester breaks.
- Professional and business services boosted payrolls by 1,600 jobs, with contributions from professional, scientific and technical jobs (up 700) and administrative and support services (up 900).
- Construction netted an increase of 100 jobs, with jobs added in heavy and civil engineering and specialty trade contractors, marking the first month-over employment increase reported by this industry since August of last year.
- Trade, transportation and utilities recorded the greatest decline, dropping 1,700 jobs. Most of the losses were in retail trade, which declined by 1,400 jobs following the end of the holiday shopping season.

Between February 2007 and February 2008, total industry employment increased by 4,900 jobs, or 0.5 percent.

- The government sector led year-over industry gains by adding 5,900 jobs, primarily in state government (up 5,100).
- Private educational and health services gained 3,700 jobs. Health care and

social assistance accounted for 3,100 of the increase, with nearly half of the gain coming from ambulatory health care.

- Professional and business services was up 1,900 jobs, primarily in professional, scientific, and technical services (up 1,300). Within the administrative and support sector, investigation and security services gained 500.
- For the year-over, construction lost 4,000 jobs, leading industry decliners. Specialty trade contractors accounted for over two-thirds of the drop off. Financial activities and manufacturing payrolls were down 1,800 and 1,600 jobs respectively.

The number of new home sales in each price range is listed below:

<u>Price Ranges:</u>	<u>March 2008</u>		<u>Year-to-Date</u>	
	Att.	Det.	Att.	Det.
Under \$250,000	18	6	27	6
\$250-300,000	20	3	37	11
\$300-350,000	23	57	51	134
\$350-400,000	8	93	26	185
\$400-450,000	2	73	0	202
\$450-500,000	0	55	0	123
\$500-550,000	0	112	0	271
\$550-600,000	0	29	0	55
\$600-750,000	0	21	0	69
\$750-1,000,000	0	14	0	29
\$1,000,000 and over	0	1	0	3
Total	71	464	141	1088
Grand total, combined	535		1229	

Note: The above figures are calculated on the average price for all new homes sold in each community. The North State Building Industry Association is a trade association representing over 950 member companies in a 20 county area of northern California. This news release can also be found on the Internet at www.northstatebia.org.