

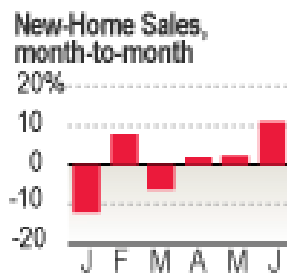
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New-Home Sales Jumped 11% in June From May

By [JEFF BATER](#)

WASHINGTON -- New-home sales soared in June from the previous month, the third increase in a row and supplying fresh evidence the housing market is beginning to recover from its long crisis.

Sales of single-family homes increased by 11.0% to a seasonally adjusted annual rate of 384,000 compared to the prior month, the Commerce Department said Monday. Though, year-over-year, new-home sales were 21.3% lower than the level in June 2008.



Source: Commerce Dept.

The median price for a new home was \$206,200 in June, down 12.0% from \$234,300 in June 2008. On a monthly basis, the price fell from May 2009's \$219,000.

Economists surveyed by Dow Jones Newswires expected June sales to climb just 2.3% to 350,000.

The increase was the fourth in six months, as buyers take advantage of falling prices. It appears new-home sales reached a bottom in January, at a level of 329,000, and that the market is beginning to recover slowly. The level of 384,000 in June was the highest since 390,000 last November.

Home construction unexpectedly rose in June, the government said July 17. Housing starts increased 3.6% to a seasonally adjusted 582,000 annual rate compared to the prior month. The starts data also showed building permits surged, and single-family starts made their biggest climb in four years.

May new-home sales rose 2.4% to an annual rate to 346,000, Monday's data showed. Originally, the government said May sales fell, sliding 0.6% to 342,000. April sales climbed 1.8%.

A recovery of the housing market will be slow. New homes are in competition with used homes, which are cheaper these days because of foreclosures.

Prices are down because of too much supply. The ratio of houses for sale to houses sold in June was 8.8. But inventories are shrinking. The ratio was 10.2 in May. At the end of June, there were an estimated 281,000 homes for sale. That's below 293,000 for sale at the end of May.

Cheaper prices and historically low mortgage rates are offsetting tight credit and a high unemployment rate. Another lure, for first-time buyers, is a government tax credit.

Regionally last month, new-home sales rose 29.2% in the Northeast, 43.1% in the Midwest, and 22.6% in the West. Sales in the South were down 5.3%.

An estimated 36,000 homes were actually sold in June, up from 33,000 in May, based on figures not seasonally adjusted.

Courtesy of JB Goodwin