



August 26, 2009

## July new US home sales up 9.6 percent

By ALAN ZIBEL  
AP Real Estate Writer

Sales of new homes surged 9.6 percent in July, another sign the housing market is climbing back from the historic bottom it reached early this year. Driven by falling prices, the fourth-straight monthly increase was greater than expected.

The Commerce Department said Wednesday that sales rose to a seasonally adjusted annual rate of 433,000 from an upwardly revised June rate of 395,000. Sales are now up more than 30 percent from the bottom in January, but are still off nearly 70 percent from the frenzied peak four years ago.

The median sales price of \$210,100, however, was down slightly from \$210,400 in June and was off 11.5 percent from year-ago levels. Prices are still up from March's low of \$205,100.

Last month's sales pace was the strongest since September and exceeded the forecasts of economists surveyed by Thomson Reuters, who expected a pace of 390,000 units.

In a kind of Cash for Clunkers effect, homebuyers are rushing to take advantage of a federal tax credit that covers 10 percent of the home price, or up to \$8,000, for first-time owners. Home sales must be completed by the end of November for buyers to qualify.

Builders and real estate agents are pressing Congress for that credit to be extended. If it isn't, sales could reverse their upward trend.

Some builders are already seeing sales dip.

At A.F. Sterling Homes in Tucson, Ariz., sales dipped in July because the builder said it couldn't guarantee the homes could be finished in time to qualify, said Randy Agron the company's vice president,

"The real estate market is really a fragile thing," he said. "It's not the right time to take (the tax credit) away."

But still, the economy is healthier now, so sales are unlikely to fall back to the lows of last winter, even if the credit is discontinued, said Wells Fargo economist Adam York,

"People don't have the sense of panic and dread," about their futures, he said.

As sales rise, that's likely to make builders more confident about getting going on new projects, and that's likely to eventually lead to more jobs in the construction industry, which has been hurt badly by the recession.

"These are crucial elements of a sustainable recovery," David Resler, chief economist at Nomura Securities, wrote in a research note.

Each new home built creates, on average, the equivalent of three jobs lasting one year and generates about \$90,000 in taxes paid to local and federal authorities, according to the National Association of Home Builders.

There were 271,000 new homes for sale at the end of July, down more than 3 percent from May. At the current sales pace, that represents 7.5 months of supply — the lowest since April 2007. The decline means builders have scaled back construction to the point where supply and demand are coming into balance.

—  
AP Real Estate Writer Alex Veiga contributed to this report from Los Angeles.



A sold sign is posted outside a newly constructed luxury home in Wellesley, Mass., Tuesday Aug. 25, 2009. New U.S. home sales surged 9.6 percent in July, rising for the fourth straight month and beating expectations as the housing market marches steadily back from its historic downturn.(AP Photo/Charles Krupa)

---

 2009 Associated Press. Permission granted for up to 5 copies. All rights reserved.  
You may forward this article or get additional permissions by typing [http://license.icopyright.net/3.5721?icx\\_id=D9AAM2U00](http://license.icopyright.net/3.5721?icx_id=D9AAM2U00) into any web browser. Press Association and Associated Press logos are registered trademarks of Press Association . The iCopyright logo is a registered trademark of iCopyright, Inc.