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REAL ESTATE

New-home sales in U.S. up 11% in June from May  
Price cuts and tax credits provide a boost. Still, 2009 is shaping up to be the worst year for new-home sales since at least 1963.

By Peter Y. Hong

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Sales of new single-family homes in the U.S. rose 11% in June from the month before, as buyers responded to price cuts and tax credits meant to clear the still-massive backlog of unsold homes.

The jump in sales sent home-builder stocks climbing Monday. Shares of KB Home climbed 54 cents, to \$16.75 a share, Lennar Corp. jumped 76 cents to \$11.87, and Pulte Homes Inc.'s shares rose 84 cents, ending the day at \$10.59.

The sales increase was higher than many analysts had expected, but the new-home market remains mired in a glut so deep it will take many months of strong sales to reverse the industry's slide.

June's sales total was the lowest for the month since 1982 and was 21% below that of the same month last year, U.S. Census Bureau data showed.

The seasonally adjusted annual rate for new-home sales in June was 388,000, the Census Bureau said.

If that sales pace holds, 2009 will be the worst year for new-home sales since the bureau began tracking them in 1963. Last year's new-home sales total of 485,000 was the lowest since 1982.

The median new-home sales price in June fell to \$206,600 from May's median as builders slashed prices to clear glutted inventories. The June median price was down 12% from \$234,300 in June 2008.

New homes sold in June had been on the market a median of one year since construction was completed, compared with eight months in June 2008.

The sharpest increase in June-over-May sales was in the Midwest, which posted a 43% gain. New-home sales in the West were up 23% over May.

The Midwest was the only region to sell more new homes in June than in the same month last year, with a 6% gain. In the West, new-home sales were down 10% in June from June 2008.

Also on Monday, the California Assn. of Realtors reported that single-family-home sales in the state fell 6% in June from May on a seasonally adjusted annual basis but were up 20% from the same month last year.

Lower prices also drove the increase in California home sales over last year. The real estate agents group said the median price for single-family homes in the state was \$274,740, down 26% from June 2008.