

# HOME SALES CAST HOPE THE WORST IS OVER

**June figures show the largest monthly percentage increase in eight years.**

By KEVIN COLLISON  
The Kansas City Star

Surprising numbers on new home sales — both nationally and in Kansas City — opened the door to talk Monday that the housing market is finally beginning to gain strength.

Nationally, new home sales surged 11 percent in June when compared with May, the U.S. Commerce Department said. That was the biggest monthly jump in eight years and far surpassed predictions.

“The worst of the housing recession is now behind us,” said David Resler, chief economist at Nomura Securities. As with the overall economy, the “recovery” is likely to be slow and arduous, he said.

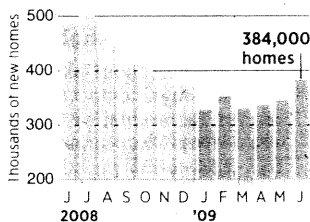
Kansas City real estate professionals reported a 10 percent increase, and a 76 percent rise from January, which now appears to be when home sales hit their worst level in the current crisis.

“For a change, we’re right on track with the national statistics,” said Chris Collins, president of the Kansas City Regional Association of Realtors.

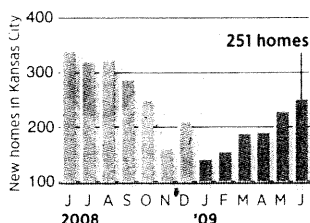
Economists said the nation-

## NEW HOME SALES

NATIONAL SALES of new single-family homes (seasonally adjusted annual rate)



KANSAS CITY SALES of new single-family homes (no seasonal adjustment)



Source: Department of Commerce, Kansas City Regional Association of Realtors

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wide increase was spurred by a drop in prices and a rush by consumers to take advantage

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# HOMES: Sales beat expectations

**FROM A1**

of a new first-time homebuyers' federal tax credit.

The national median price of a new home fell 12 percent to \$206,200 when compared with June 2008, the Commerce Department said. The median price was \$219,000 in May.

In Kansas City, however, prices remained relatively stable. The Realtors association reports average rather than median prices, and it said prices were up 4 percent from June 2008, to \$302,628.

Nationwide, sales increased to a 384,000 annual pace, higher than any forecast of economists surveyed by Bloomberg News and the most since November, the Commerce Department figures showed.

Economists forecast that new home sales would rise to a 352,000 annual pace, according to the median of 62 projections conducted by Bloomberg.

The number of houses on the market dropped to the lowest level in more than a decade.

In Kansas City, "people are reacting to the fact that interest rates are still historically low and it presents a great opportunity, particularly with new construction," Collins said. "With prices also stabilizing, people think, 'Wow, maybe this is the bottom.'"

Another factor encouraging people to buy was a federal tax credit that covers 10 percent of the home price, or up to \$8,000, for first-time buyers. Home sales need to be completed by the end of November for buyers to take advantage.

Despite the encouraging monthly increase, new home sales continued to lag behind those of a year ago, both nationally and locally. The national sales pace was down 21 percent from June 2008, and the Kansas City pace was down 26 percent from a year ago.

There were 251 new homes sold in June in Kansas City, compared with 229 the previous month, according to the Realtors association. The 10 percent increase was marked improvement from last year, when June sales declined 3 percent from the previous month.

"The May-to-June jump is definitely better than the last couple of years," said Catherine Thomson, a spokeswoman for the Kansas City association.

Local homebuilders were heartened by the improved sales pace and the continuing decline in the inventory of new homes. In June, 2,586 new homes were on the market, down from 2,667 in May and 34 percent lower than a year ago, when 3,910 new homes were for sale.

"Everyone feels it's going in the right direction," said Tim Underwood, executive vice president of the Home Builders Association of Greater Kansas City.

"Our builders for the most part are reporting increased activity in their subdivisions. People are looking, and sales have picked up. ... Everybody is starting to think we've hit the bottom of this whole thing."

Nationally, there were marked differences in the pace of new home sales in different regions.

June sales were up 43.1 percent in the Midwest, 29.2 percent in the Northeast, and 22.6 percent in the West. Sales declined 5.3 percent in the South, the nation's largest housing market and an area particularly hard hit by foreclosures.

Builders, while encouraged, warned that the national housing recovery is still fragile and will require additional economic growth to ensure it continues.

"The concern now is that complicating factors — particularly job losses, appraisal issues that are torpedoing more than a quarter of new home sales, and the impending expiration of the first-time buyer tax credit — threaten to stifle the positive momentum," David Crowe, chief economist for the National Association of Home Builders, said in a statement.

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