

## New Home Sales Down in June

June sales levels at California's major new-home communities continue to lag behind last year's pace, the California Building Industry Association reports this month.

The latest CBIA/Hanley Wood Market Intelligence New Home Sales and Pricing Report showed that sales in June were 26.2 percent below June 2006, continuing a trend that has occurred since the beginning of the year. For the month, 5,585 homes and condominiums were sold in the subdivisions tracked by Costa Mesa-based Hanley Wood Market Intelligence, compared to 7,565 in June 2006.

Sales of single family homes dropped by 16.6 percent, sales of townhomes and "plexes" – duplexes, triplexes, etc. – were down 25.4 percent and sales of condominiums were down 55.3 percent. A large portion of that decline, however, came from the cancellation of a large condo tower complex in downtown Sacramento.

Compared with the same period last year, the median home asking price dropped by 1.9 percent.

Total sales and sales of single-family homes did rebound, however, from May's numbers. Although not seasonally adjusted, total sales climbed 8.7 percent from the previous month while median prices statewide were also up 2.3 percent from the previous month.

Steve Smiley, senior managing director for consulting for Hanley Wood Market Intelligence, said the continuing decrease in sales and pricing is bad news for many builders but potentially good news for prospective buyers.

"At this juncture, maintaining profitability is a challenge for some builders given the demand for incentives and lower prices in this down market. But because of it, many builders are willing to offer very good deals to buyers. With the tightening of credit in the wake of the subprime mortgage problems, now really is a great time for qualified buyers to act."

Smiley predicted that conditions will generally improve first in core employment regions. "Their established economies, lifestyle attractiveness, and diminishing land supply mean a tighter housing market that is likely to recover more quickly than outlying markets," he said.