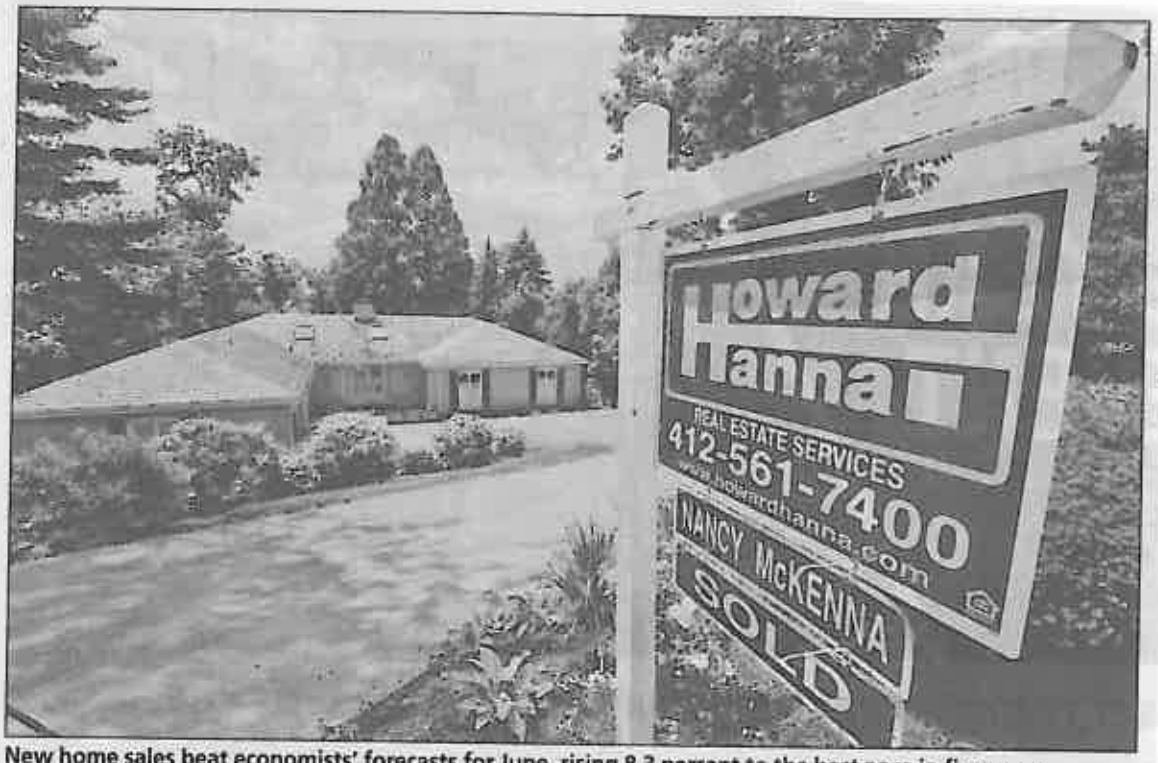


New home sales beat economists' forecasts for June, rising 8.3 percent to the best pace in five years. AP

New home sales reach highest level in 5 years

By Tim Mullaney
USA Today

New home sales beat economists' forecasts for June, rising 8.3 percent to the best pace in five years.

The seasonally adjusted annual rate was 497,000, providing more evidence of housing's improvement and suggesting that an increase in mortgage rates in recent weeks didn't hurt the market. Economists had forecast an annual rate of 484,000 for June.

May's sales rate was also revised up to 459,000.

The median sales price of new homes sold last month was $249,700.

Homebuilders are growing increasingly confident about their business amid a still tight supply of homes for sale and a dwindling inventory of distressed properties on the market.

"June's strong gains in new home sales may allay some concerns that higher mortgage rates are undermining the budding housing recovery," Wells Fargo senior economists Mark Vitner and Anika Khan said in a research report.

The National Association of Home Builders/Wells Fargo builder sentiment index jumped to 57 this month from 51 in June. That was the third consecutive monthly gain. A reading above 50 indicates more builders view sales conditions as good, rather than poor. The index hasn't been that high since January 2006.

Meanwhile, existing home sales fell by about 1 percent in June to a seasonally-adjusted annual rate of 5.08 million, the National Association of Realtors reported on Monday. The annualized sales pace for January through June is about 5 million, the strongest first half since 2007.

The average fixed rate for a typical 30-year mortgage fell to 4.58 percent for the week ending July 19 from 4.68 percent the week before, the Mortgage Bankers Association said Wednesday.