BUSINESS

SALES OF NEW HOMES SOLID

Commerce Department says 372,000 were sold in July, matching a two-year high set in May

By Christopher S. Rugaber
Associated Press

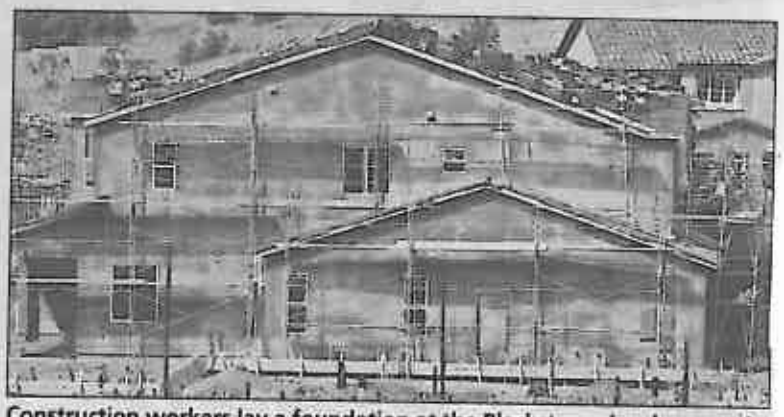
WASHINGTON — Sales of new homes in the United States rose 3.6 percent in July to match a two-year high reached in May.

The Commerce Department said Thursday that new-home sales reached a seasonally adjusted annual rate of 372,000. That's the same as in May, which was the highest since April 2010.

The report is "the latest in a series of data points suggesting a durable housing recovery is under way," Dan Greenhaus, chief economic strategist at BTIG LLC, a brokerage firm, said in a note to clients.

In the past 12 months, sales have jumped 25 percent. Still, the increase is from a historically low level. New-home sales remain well below the annual pace of 700,000 that economists consider healthy.

The housing market is making a modest but steady recovery in part because homes are more affordable: Mortgage rates have fallen to near-record lows. Housing prices are about one-third lower than at the peak of the housing bubble in 2006. Those trends have helped lift sales of both new and previously occupied homes.



Construction workers lay a foundation at the Blackstone development in Brea, Calif., on Monday. The Commerce Department reported Thursday that July sales of new homes matched the two-year high set in May. AP

Sales of previously occupied homes increased in July and have jumped 10 percent in the past year. Home prices also have begun rising nationwide. They increased 2.2 percent in May from April, according to one leading index.