

The Hits Keep on Coming.....

Philip R. Foss, Chairman & CEO – OPTIS Group, LLC | Date: Tuesday, August 23, 2011

“The housing numbers for July are not unexpected...but that doesn't take the sting out of today's report. The Commerce Department says new home sales fell by nearly 1 percent last month. This is the fourth straight monthly decline and it puts the housing industry on track for the worst year on records that go back about fifty years.

At this pace, realtors will sell about 298,000 new homes this year...in a healthy market that number would be at least 700,000.”

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NEW RESIDENTIAL SALES IN JULY 2011

Sales of new single-family houses in July 2011 were at a seasonally adjusted annual rate of 298,000, according to estimates released jointly today by the U.S. Census Bureau and the Department of Housing and Urban Development. This is 0.7 percent ($\pm 12.9\%$)* below the revised June rate of 300,000, but is 6.8 percent ($\pm 13.5\%$)* above the July 2010 estimate of 279,000.

The median sales price of new houses sold in July 2011 was \$222,000; the average sales price was \$272,300. The seasonally adjusted estimate of new houses for sale at the end of July was 165,000. This represents a supply of 6.6 months at the current sales rate.

EXPLANATORY NOTES

These statistics are estimated from sample surveys. They are subject to sampling variability as well as nonsampling error including bias and variance from response, nonreporting, and undercoverage. Estimated average relative standard errors of the preliminary data are shown in the tables. Whenever a statement such as “2.5 percent (3.2%) above” appears in the text, this indicates the range (-0.7 to +5.7 percent) in which the actual percent change is likely to have occurred. All ranges given for per changes are 90-percent confidence intervals and account only for sampling variability. If a range does not contain zero, the change is statistically significant. If it does contain zero, the change is not statistically significant; that is, it is uncertain whether there was an increase or decrease. The same policies apply to the confidence interval for percent changes shown in the tables. Changes in seasonally adjusted statistics often show irregular movement. It takes 4 months to establish a trend for new house sold. Preliminary new home sales figures are subject to revision due to the survey methodology and definitions used. The survey is primarily based on a sample of houses selected from building permits. Since a “sale” is defined as a deposit taken or sales agreement signed, this can occur prior to a permit being issued. An estimate of the prior sales is included in the sales figure. On average, the preliminary seasonally adjusted estimate of total sales is revised about 7 percent. Changes in sales price data reflect changes in the distribution of houses by region, size, etc., as well as changes in the prices of houses with identical characteristics. Explanations of confidence intervals and sampling variability can be found on our web site listed above.

90% confidence interval includes zero. The Census Bureau does not have sufficient statistical evidence to conclude that the actual change is different from zero.