



Written by [James Heiser](#) on February 25, 2010

Home Sales Drop to 50-Year Low

There are further signs that Barack Obama's jobless "recovery" is, in fact, no recovery at all. The latest indication of the fundamental unsoundness of the American economy is found in statistics from the Commerce Department. According to that department, the sale of new homes plummeted in January to the lowest rate recorded in fifty years. As The Washington Post reports:



Purchases of new single-family homes dropped 11.2 percent in January from December to a seasonally adjusted annual rate of 309,000, the Commerce Department reported Wednesday. Sales fell in every region except the Midwest, and the raw number of new homes on the market rose for the first time in nearly three years.

"No sugarcoating these numbers," Mike Larson, an analyst at Weiss Research, wrote in a note to clients. "They stink."

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The statistics do show that regional weather conditions may have played some roll in the drop. Again, according to *The Washington Post*, "The plunge in new-home sales was led by a 35 percent drop in the Northeast. Sales fell 9.5 percent in the South, which includes the Washington area." But the snow cannot account for all of the drop when one is speaking of the a drop of this magnitude.

Reportedly, analysts had reportedly expected that new home sales would occur at an annual rate of 360,000; the adjusted rate — despite the [Home Buyer Tax Credit](#) — is shockingly lower. With the \$8,000 credit for first time home buyers — \$6,500 for repeat home buyers — extended through April 30, 2010, the stunning drop in home sales demonstrates that not even large tax credits can keep boosting the rate of sales.

[According to a story at BusinessWeek.com](#), even more conservative estimates were proven to have been wildly optimistic:

Sales were projected to climb to a 354,000 annual pace from an originally reported 342,000 rate in December, according to the median estimate in a Bloomberg survey of 72 economists. Forecasts ranged from 325,000 to 386,000.

The decline is all the more striking in that it demonstrates that the decline has occurred precisely at the very time that the Home Buyer Tax Credit was supposed to be stimulating home sales. The rate of home sales is [6.1 percent below last January](#). It is true that the many foreclosed homes on the market probably play a significant roll in depressing the rate of sale of new homes—but the very existence that



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so many foreclosed homes are on the market is proof in itself that an economic recovery is still an unrealized dream.

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