

**BELIEVE NOTHING THAT YOU HEAR AND
50 PERCENT OF WHAT YOU READ**

Statistics can be very misleading – especially when a government wants to suggest a seemingly positive message for the digestion of the plebeians in order to placate them, at least, temporarily.

In The United States of America, one is told that an economic recovery is in progress and that the sales of new homes are just one ‘*strong*’ example of the ‘*recovery*’.

However, as far as **TARGET** () is concerned, sales of new homes in The Land of The Free and The Home of The Brave are going nowhere, very fast.

According to this medium’s investigations, sales of new homes, during the month of December 2012, fell about 7.30 percent, compared with November’s statistics with regard to such sales.

However, the US Government did not bother with new home sales, Month-On-Month, but preferred to state that, Year-On-Year, new home sales, during the month of December, last year, were up nearly 20 percent.

The US Government was, of course, correct, but that which was omitted from the official US Government Release in respect of new home sales for last December was much more telling than what could be considered, simply put, ‘*massaging statistics*’.

The market value of bricks and mortar is a sure-shot indication of the strength or weakness of an economy because, if the market price of bricks and mortar slides, materially, and continues to slide, it means that the economy is in dire trouble.

In the case of the US economy, last November’s sales of new homes posted an increase of about 8.80 percent, compared with December 2011. The December statistic in respect of new home sales, therefore, erased about 83 percent of the November gains.

There is another factor that must be taken into consideration in order to try to understand how to monitor the direction of new home sales: Inventory levels.

For some time, now, builders of new homes in the US had been very reluctant to build on speculation because of the overall state of the economy, which is the largest in the world.

Without a down payment on the price of a new home, managements of building companies would not press the green button, signifying willingness to shovel the first spadeful of dirt of the foundations of a new home.

These managements merely had to stare in wonder at the large numbers of unsold new homes of competitors to put the fear of bejesus into them.

As such, inventory levels, over time, stagnated: Few buyers were willing to take the plunge.

From the point of view of many US families, considering the purchase of new homes, they merely looked at the inventories of new homes, did some simple calculations, and, then, determined to keep their cash in the cookie jar for the time being.

Some of their reasoning included, inter alia:

- (a) They were unable to obtain very much in the way of bank support;
- (b) They did not want to stretch their budgets too far for fear that the chief bread-winner could, at any time, be out of work for no fault of his/her own; and,
- (c) Many US financial houses were known to have oodles of repossessed houses on their books and the market value of these houses was much cheaper than the cost of new homes.

These considerations, and many more, continue today – in spades.

However, there is quite a number of Asian and East European speculators who are stepping up to the plate with hot cash, looking for a haven for their money and ... *‘Why not a large vacation home in the US?’*

Aside from these buyers, the average US family continues to fret about the economy despite being inundated with statistics, suggesting one thing in one month and another thing the following month.

According to statistics, in the month of December 2012, there was an inventory level of about 151,000 new homes, available for immediate sale.

New home sales in the US are running at a seasonally adjusted annual rate of about 369,000 units.

For the entire 2012-year, the number of new homes that were sold is estimated to have been about 367,000 units, according to official US Government statistics.

The 151,000 new homes on the market, today, therefore, represent about five months at the current levels of sales.

This could well suggest that prices of new homes are unlikely to fall in a hurry.

With US builders, still, wary to build new homes on speculation, inventory levels are unlikely to rise quickly, if at all.

Supply-demand factors come to the fore and, prospective purchasers of new homes in the US are likely to determine to wait even longer in the hope that prices will ease – which they are unlikely to do, in this medium’s opinion.

There are unlikely to be many bargains in the property market of the US in the coming year.

It is only too apparent that the so-called, US housing recovery that was said to have started late in 2012, was caused by a distinct shortage of available inventory plus speculative buying by non-US citizens/aliens and/or hot money from Eastern Europe (Russia, especially) and/or Asia (the People’s Republic of China, especially).

To read that there was *‘strong demand (for newly built homes) from investors’* of the US is sheer poppycock.

As for the suggestion that record-low, mortgage-interest rates in the US spurred the *‘strong demand from (US) investors’* this, too, is a mere myth, perpetrated by those with vested interests in the US housing market and/or politicians, hoping to score some brownie points with the electorate.

Beware the ramblings of US property agents and/or of politicians, trying to fan the dying embers of coal in the hope of resurrecting warmth in the bitter coldness of a winter’s day!

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