

2011 New Home Sales Could Be Worst in 50 Years

New home sales fell for the third straight month in July, another sign that the housing industry remains weak and is hurting the economy.

If the current pace continues, analysts predict 2011 will be the worst year for new-home sales in at least half a century.

Sales fell nearly 1 percent in July to a seasonally adjusted annual rate of 298,000 homes, the Commerce Department reported Tuesday. That's less than half the 700,000 that economists say represent a healthy market.

Last year, 323,000 homes were sold—the worst year on records dating back to 1963.

Plunging stocks and a growing fear that the U.S. could tip back into another recession are also keeping people from buying new homes.

Renewed concerns about job security likely weighed on many would-be buyers' minds, said Mark Vitner, senior economist at Wells Fargo.

Paul Dales, senior U.S. economist at Capital Economics, said a slowdown in the U.S. economy has more than offset any boost from super-low mortgage rates.

"A new home is a luxury that many Americans can no longer afford," Dales said.

Home prices have dropped more on a percentage basis than they did during the Great Depression in the 1930s. History shows it took nearly 19 years for them to recover.