

## "CNBC: Housing Has Officially Bottomed" Mad Money's, Jim Cramer

Residential real estate has finally found a floor, Cramer told viewers on Tuesday. The sector's long, steep descent is all but over. He had predicted this day would come by the end of June, and he was right - with just two weeks to spare.

How can Cramer be so sure? [New housing data reported](#) showed a dramatic change for the better, especially in some of the hardest-hit areas in the US. That news, along with much lower prices and the working off of inventory, validate his prediction, [made last August](#), that housing would stabilize this month, ending its multiyear declines.

According to the Commerce Department, there were 47,000 more housing starts in May than the 485,000 expected, a number 17% higher than the month before. The two regions seemingly in the biggest hole, the South and West, jumped about 17% and 29%, respectively. Building permits, which can predict the market's future to a certain extent, showed significant growth as well. Now Cramer - and probably the homebuilders, too - sense an end the morass that weighed so heavily on the markets.

What does a bottom look like? It's the combination of ramping sales, and sales in certain areas are up ten times those of last year, and an end to falling prices. That's exactly what we've seen for the past three months, Cramer said.

Of course, this doesn't mean home prices skyrocket right back to their bubbly heights. Cramer's call was about only price stabilization, not appreciation. So he isn't about to recommend homebuilders like Pulte or Toll Brothers just yet. The increased building at this point is more a chance to unload land these companies have been financing, leaving the eventual sale almost profitless.

Another point worth noting: Today's numbers also disproved the talk about higher mortgage rates hurting a housing recovery. Prices are down, rates are still low compared to a year ago and the tax credit for first-time buyers is drawing people into the market. All the forces needed to boost the sector are there.

Also, don't think the new starts, combined with foreclosures, will lead to a new glut of inventory. Builders aren't going to make that mistake, Cramer said, putting up homes they can't sell. Nor do the banks need to rush foreclosed homes back onto the market. They now have the capital, thanks to Washington and a spate of secondary offerings, to hold on until they get their price.

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