



# KB Home's profit down 84% in Q1

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KB Home, one of the most active homebuilders in Austin, reported a 19 percent decline in revenue and an 84 percent decline in earnings in its first quarter due to a 16 percent decrease in unit deliveries and a five percent decline in average selling price, the company said Thursday.

Net income in the first quarter was \$27.5 million, or 34 cents a share, down from \$173.3 million, or \$2.01 a share, in the year-ago period. Revenue was \$1.77 billion, down from \$2.19 billion in the year-ago period.

**The company delivered 6,655 homes at an average selling price of \$261,400 in the quarter, compared to 7,905 homes at an average selling price of \$276,200 in the first quarter of 2006.**

First quarter net orders were down 12 percent in the quarter with most of the decline in the Southwest and Central regions. Backlog at Feb. 28, 2007, totaled 18,406 units, down from 26,536 in the year-ago period. The company's cancellation rate was at a "historically normal rate" of 31 percent in the quarter, down from 53 and 48 percent in the third and fourth quarters of 2006, the company said.

Los Angeles-based KB Home (NYSE: KBH) is one of America's biggest homebuilders with operating divisions in 15 states. In 2005, KB Home sold 980 homes in Austin. Only Lennar Homes Inc. built more homes here during that year, according to the Austin Business Journal's 2006 Book of Lists. Local statistics for 2006 have not yet been compiled by the Austin Business Journal.

**Courtesy of JB Goodwin**