EXISTING HOME SALES TUMBLE

Winter weather, tight credit chill housing market

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USA TODAY

Existing home sales in January fell to the lowest level in 18 months as extreme winter weather continued to pummel the housing market.

Sales of existing homes declined 5.1% from December to a seasonally adjusted annual rate of 4.62 million, the National Association of Realtors said Friday.

Analysts estimated that homes were sold at a 4.68 million annual pace last month. January sales also were down 5.1% from January 2013.

"Disruptive and prolonged winter weather patterns across the country are impacting a wide range of economic activity, and housing is no exception," said NAR Chief Economist Lawrence Yun.

Yet Yun also cited other obstacles, including tight credit, higher prices, higher mortgage rates and limited inventory. "These issues will hinder home sales activity" until stronger job growth bolsters demand and housing starts boost supply, he said.

In January, housing inventories increased to a 4.9-month supply from a 4.6-month supply in December. A six-month supply is generally considered balanced.

Single-family home sales fell 5.8%.

The flagging sales suggest a deceleration from the momentum for much of 2013, when 5.09 million homes were sold.

"Such a picture confirms that the U.S. housing market reached its peak at the end of 2013 and further reacceleration is unlikely near term," Annalisa Piazza of Newedge Strategy said in a research note.

Home building dipped 16% in January from December, the Commerce Department said this week. Signed contracts to buy homes plunged in December, foreshadowing the January drop-off, the Realtors said in a separate report.

The weather has kept would-be buyers from venturing to open houses, while construction crews have endured work stoppages.

But sales also declined in areas where weather was less of a factor. This suggested that price pressures and tight inventories also weighed on the market.



GENE J. PUSKAR, AP

Housing inventories rose in January.