Homebuilder sentiment weakens in December

By Alex Veiga
Associated Press

U.S. homebuilders are feeling slightly less confident in their sales prospects heading into next year, even as their overall sales outlook remains favorable.

The National Association of Home Builders/Wells Fargo builder sentiment index released slipped this month to 57, down one point from 58 in November.

Readings above 50 indicate more builders view sales conditions as good, rather than poor.

Builders' view of current sales conditions and their outlook for sales over the next six months also declined slightly. A measure of traffic by prospective buyers held steady.

The index also found sentiment had improved in the West and Northeast, but took a step back in the Midwest and South, which accounts for half of the new-home market.

The latest reading reflects a housing market that is slowly recovering, said David Crowe, the NAHB's chief economist.

"As we head into 2015, the housing market should continue to recover at a steady, gradual pace," Crowe said.

Housing, while still a long way from the boom of several years ago, has been recovering over the past two years.

New home sales reached a seasonally adjusted annual rate of 458,000 homes in October, the highest point since May. Still, sales remain sharply below the annual rate of 700,000 seen during the 1990s.

At the same time, home prices continue to climb.

The median price of a home sold in October was $305,000, up 16.5 percent from a year ago. November data on new-home sales are due out next week.

The steady rise in home prices has held back many potential buyers, particularly first-time buyers.

Tight credit and flat incomes also have limited the number of buyers who could afford a home.