12/31/10

Housing market gets lift in November

By Janna Herron
THE ASSOCIATED PRESS

NEW YORK — People are starting to buy homes again, lifting a battered industry that is bracing for its worst sales year in more than a decade.

Signed contracts to purchase homes rose in November, the fourth increase in five months. That should give the housing market a boost in the first few months of the new year because there's usually a one- to two-month lag between a sales contract and a completed deal.

Economists cautioned that a major reason for the jump is that people are buying foreclosed homes, which sell at steep discounts and weigh on the broader market. Another obstacle is the sudden spike in the 30-year fixed mortgage rate, which only weeks ago had fallen a 40-year low.

Still many economists expect sales to gradually rise next year as the economy adds more jobs and home prices stabilize.

"Sales appear to be picking up and we expect better sales in the next several months," said Patrick Newport, a housing economist at IHS Global Insight. "A lot of that is because the job market is improving."

The National Association of Realtors said Thursday its index of sales agreements for previously occupied homes increased 3.5 percent last month from a downwardly revised reading in October.