

New-home sales

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WASHINGTON — Sales of new homes dipped in January but the final quarter of 2011 was stronger than first estimated.

The Commerce Department said Friday that new-home sales fell 0.9 percent last month to an adjusted annual rate of 321,000 homes. That followed four months of gains in which home sales rose 10 percent.

The gains came after the government upwardly revised October, November and December's figures. December's annual sales pace of 324,000 was the highest in a year.

Even with more sales, just 304,000 new homes were sold in 2011 — the fewest on record back to 1963. And new homes are selling well below the 700,000-per-year rate that economists equate with healthy markets.

Still, the pickup in

sales at the end of last year coincides with other improvements in the housing market and should bolster the view that the depressed sector is starting to revive.

Pierre Ellis, an economist at Decision Economics, said the improvement lends "additional support to the housing market," and mirrors other positive signs in the industry.

Builders are growing more optimistic after seeing more people express

interest in buying this year. They've also sought more permits to build single-family homes — one of several encouraging signs across the industry.

Sales prices for new homes are rising. The median sales price of a new home rose 0.3 percent in January to \$217,100.

In January, sales of previously occupied homes reached their highest level in nearly two years. And they have risen more than 13 percent in the

dip

past six months.

Most importantly, hiring has improved, which is critical to a housing rebound. The economy added more than 200,000 net jobs in both December and January. And economists anticipate another big month of hiring in February after seeing unemployment benefit applications fall to the lowest level in nearly four years. The unemployment rate was 8.3 percent in January.