

# New-home sales rebound in July

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WASHINGTON — Americans stepped up their purchases of new homes in July, with sales surging in the Northeast. The Commerce Department says new-home sales rose 5.4 percent last month to a seasonally adjusted annual rate of \$17,000, recovering from a slide in purchases in June. Buyers have crowded to the housing market this year. Backed by solid job growth over the past two years and relatively low mortgage rates, sales of new homes jumped 21.2 percent through the first half of 2015, although the government sales report is volatile on a monthly basis. New-home purchases rebounded 23.1 percent in the Northeast, with small gains in the South and West. Sales slumped in the Midwest. Housing is once again showing growth as the

stock market has stumbled. Americans have felt more confident about their economic prospects, causing them to return to the housing market that initially sparked the Great Recession in late 2007. But supplies of new and existing homes have been tight, pushing up prices and limiting choices for would-be buyers.

“There is 5.2 months’ supply of new homes available, compared to six months in a healthy market. The shortage of listing has enabled the median price to rise 2 percent over the past 12 months to \$285,900.

Separately, Standard & Poor’s/Case-Shiller 20-city home price index has risen 5 percent in June from a year earlier.

Inventories are similarly tight among existing homes.

The National Association of Realtors said last week that sales of existing homes rose 2 percent last month to a seasonally



A sold sign is displayed outside a new home under construction in Mechanicsville, released new home sales for July 2015 on Tuesday.

adjusted annual rate of 5.59 million, the fastest rate since February 2007. Sales have jumped 9.6 percent over the past 12 months, while the number of listings has declined 4.7 percent.

There are some signs that sales momentum might slow as more

Americans are renting instead of buying. Real estate brokerage Redfin said its demand index fell in July for the fourth straight month, while real estate firm Zillow reported that rental prices are rising in many markets where home values are falling on a

month-over-month basis. Much of the additional demand has emerged from a healthier job market and low mortgage rates. Employers added 3.1 million jobs last year and are on pace to add 2.5 million jobs this year.

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Borrowing costs have stayed about two percentage points below historical standards.

The average 30-year fixed rate was 3.93 percent last week, according to the mortgage giant Freddie Mac.