

A worker examines insulation at a new home under construction Jan. 11 in Chicago. NAM Y. HUH/AP

New home sales rise almost 16 percent

Gain signals a rebound in housing market

By Julie Schmit
USA Today

New home sales surged in January, rising almost 16 percent from December in another sign of an improving housing market.

Sales of new single-family homes in January came in at a seasonally adjusted annual rate of 437,000, the government said Tuesday.

The results bested consensus estimates of 381,000.The pace of sales was almost 29 percent above the January 2012 estimate of 339,000, and almost 16 percent above the revised December rate.

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"Now, we're seeing sales pick up," said Patrick Newport, economist with IHS Global Insight.

The homebuilding industry has been starved for good news for years. Last year's new home sales totaled 367,000, making 2012 the third-lowest year on record for new home sales. They hit record lows in 2011.

IHS Global Insight expects new home sales to rise to 464,000 this year. IHS doesn't expect new home sales to return to more normal levels, above 800,000 a year, until 2015.

Increased new home sales are a strong indicator of increasing consumer confidence in the overall U.S. housing market, said John Tashjian, principal of Centurion Real Estate Partners.

As buyers absorb existing inventory, builders will ramp up construction starts, which also gives the economy a "much needed shot in the arm," Tashjian said.