New home sales slip in December

By Martin Crutsinger
Associated Press

WASHINGTON — Sales of new homes cooled off in December compared with November but for the entire year were the best since 2009.

The Commerce Department said Friday that new-home sales fell 7.3 percent last month to a seasonally adjusted annual rate of 369,000. That's down from November's rate of 398,000, which was the fastest in 2½ years.

For the year, sales rose nearly 20 percent to 367,000. That's the most since 2009, although the increase is coming off the worst year for new-home sales since the government began keeping records in 1963. Sales are still below the 700,000 level that economists consider healthy.

The housing market began to recover last year, roughly five years after the housing bubble burst. Stable job gains and record-low mortgage rates encouraged more people to buy homes. Prices have been rising on a sustained basis. And builders started to increase construction of new homes, partly because the supply of homes had thinned to extremely low levels.

Jennifer Lee, a senior economist at BMO Capital Markets, said the December decline in sales of new homes wasn't cause for worry. She still expects sales to improve this year.

In a note to clients, she points out that figures for November, October and September were revised higher. And many buyers may have held off last month because of uncertainty over taxes. The White House and Congress reached a deal Jan. 1 to keep income taxes from rising for most Americans.

For December, new-home sales fell 29 percent in the Northeast, 11 percent in the West and 8 percent in the South.