

Housing experts say the excess supply of homes that were built during the housing boom has finally thinned out. Only 149,000 new homes were for sale at the end of last month. GREGORY BULL/AP

New home sales take biggest jump since '10

Low mortgage rates have boosted sales of new and previously occupied homes

By Christopher S. Rugaber
Associated Press

WASHINGTON — Americans bought new homes last month at the fastest pace in more than 2½ years, more evidence of a sustained housing recovery.

Sales of new homes rose 4.4 percent in November from October to a seasonally adjusted annual rate of 377,000, the Commerce Department said Thursday. That's the fastest pace since April 2010, when a federal tax credit boosted sales.

New-home sales have also increased 15.3 percent over the past year. The improvement comes from depressed levels. Sales remain below the 700,000 that economists consider healthy.

Steady job gains this year and ultra-low mortgage rates have boosted sales of newly built and previously occupied homes. More people are looking to buy or rent a home after living with relatives or friends during and immediately after the Great Recession.

Another big reason for the rebound is the excess supply of homes that were built during the housing boom has finally thinned out. Only 149,000 new homes were for sale at the end of last month, according to the report. That's just above a record low of 143,000 in August.

Still, the market is steadily improving and that has lifted builder confidence to its highest level in 6½ years, according to the National Association of Home Builders/Wells Fargo survey released last week. The pace of home construction is nearly 22 percent higher than a year earlier, according to government data. Builders are on track this year to start work on the most homes in four years.

Home prices are also increasing. The Standard & Poor's/Case-Shiller national home price index released Wednesday increased 4.3 percent in October compared with a year ago. That's the largest year-over-year increase in 2½ years.