

Workers build a new housing complex in Trenton, N.J. Sales of new homes increased 2.3 percent in April, the Commerce Department reported Thursday. AP

Sales of new homes increase 2.3% in April

Median price jumps to $271,600, highest level ever recorded

By Martin Crutsinger
Associated Press

WASHINGTON—Sales of new U.S. homes rose in April to the second-highest level since the summer of 2008 while the median price for a new home hit a record high, further signs that housing is recovering.

New-home sales rose to a seasonally adjusted annual rate of 454,000 in April, the Commerce Department said Thursday. That was up 2.3 percent from March and just slightly below January's 458,000.

Both January and April had the fastest sales rates since July 2008.

The median price of a home sold in April was $271,600, the highest level on government records going back to 1993. The April price was 8.3 percent higher than in March and 13.1 percent higher than a year ago.

Steady job creation and near-record-low mortgage rates are spurring more Americans to buy homes.

With the April increase, sales are now 29 percent higher than a year ago, but sales are still below the 700,000 level considered healthy by economists.

The strength in April was led by a 10.8 percent rise in sales in the West. Sales in the South were up 3 percent but sales fell 16.7 percent in the Northeast and were down 4.8 percent in the Midwest.

Sales of previously owned homes rose in April to a seasonally adjusted annual rate of 4.97 million, the highest level in 3½ years.

Applications for permits to build homes rose in April to the highest level in nearly five years. While construction of new homes and apartments slipped a bit in April, the drop came one month after construction topped 1 million for the first time since June 2008.

Though new homes represent only a fraction of the housing market, they have a sizable impact on the economy. Each home built creates an average of three jobs for a year and generates about $90,000 in tax revenue, according to data from the National Association of Home Builders.

BERNANKE: LOW RATES BOOST HOUSING

Federal Reserve Chairman Ben Bernanke cited the revival in housing as a significant benefit of the Fed's super-low interest rate policies.

» "Higher prices of houses and other assets, in turn, have increased household wealth and consumer confidence, spurring consumer spending and contributing to gains in production and employment," Bernanke said in an appearance before the congressional Joint Economic Committee.