Sales of new homes slipped in November

Mortgage rates up 1 percent over spring

By Martin Crutsinger
Associated Press

WASHINGTON — Sales of new homes slipped slightly in November after a big surge the previous month. The figures add to evidence that the housing market is struggling to sustain the pace of its recovery.

Sales dipped 2.1 percent in November to a seasonally adjusted annual rate of 464,000, the Commerce Department said Tuesday. In October, new-home sales had shot up 17.6 percent, the biggest monthly gain in more two decades. October's annual sales pace of 474,000 was the highest since July 2008.

The annual pace of new-home sales remains well below the 700,000 generally consistent with a healthy market.

Home sales had slowed over the summer after mortgage rates spiked amid investor concerns about how fast the Federal Reserve would remove its support for the economy.

In November, sales of new homes dropped 26.6 percent in the Midwest and 9.1 percent in the South. Sales rose 31.1 percent in the West and 15.2 percent in the Northeast.

The median price of a new home s rose to $270,900.

Mortgage rates remain nearly a full percentage point higher than in the spring. The latest average rate on a 30-year fixed mortgage was 4.29 percent.