

New Home Sales on the Rise 4.3% in January

By: Jann Swanson | Wed, Feb 24 2021, 12:28 PM

New home sales continued the turnaround, started in December, that **ended three straight months of slowing sales**. The U.S. Census Bureau and Department of Housing and Urban Development said newly constructed homes were sold in January at a seasonally adjusted annual rate of 923,000 units. This is **an increase of 4.3 percent** compared to the upwardly revised (from 842,000) rate of 885,000 in December and 19.3 percent above the estimate of 774,000 units in January 2020.

Analysts polled by Econoday had projected sales to be flat compared to the December estimate, in a range of 809,000 to 905,000 units. Their consensus was 855,000 annualized sales.

Robert Dietz, chief economist for the National Association of Home Builders, said "Housing affordability headwinds are rising for 2021, due to supply-side challenges such as elevated lumber costs and prospects for increased regulatory burdens associated with land development and building. The median sales price in January was \$346,400, **a 5.3% gain from a year earlier**. Price discipline will be key for 2021 volume growth, given rising material costs."

Sales for the month were estimated at 70,000 homes on a non-seasonally adjusted basis. The estimate for December was 59,000 units.

The median price of a home sold during the month, as Dietz said, was \$346,400 and the average was \$408,800. In January 2020, the respective prices were \$328,900 and \$384,000.

The report estimates there were 307,000 new homes available for sale at the end of January. This is estimated at a 4.0-month supply at the current sales pace compared to a 4.1-month supply in December and 5.0 months of inventory the prior January.

Sales in the **Northeast** fell 13.9 percent compared to December and were 8.8 percent below their level a year earlier. The **Midwest** saw increases of 12.6 percent and 10.3 percent from the two earlier periods. There was a 3.0 percent month-over-month gain in the **South** and sales jumped 40.4 percent on an annual basis. The **West** had 6.8 percent more sales than in December, but 6.3 percent fewer year-over-year.

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