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New home sales exceed expectations

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By Chris Isidore @CNNMoney February 24, 2012: 11:55 AM ET

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PHOTO: DAVID PAUL MORRIS/GETTY IMAGES

New home sales showed improvement in the latest government report.

NEW YORK (CNNMoney) -- New home sales exceeded forecasts in the latest government readings Friday, another sign of a long-awaited recovery in the battered housing market.

The Census Bureau reported that the pace of new home sales hit a seasonally-adjusted annual rate of 321,000 in January, up from the previous reading for December and better than economists' forecasts. Census also revised the December figure higher to a rate of 324,000, meaning that the pace of sales was about 6% stronger that month than the original estimate.

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The supply of new homes for sale once again fell, the 11th straight month the inventory of new homes on the market has been at a record low level. The continued decline in supply comes even as other government readings have shown an **increase in housing starts** by home builders in recent months.

The tight supply, which was at

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151,000 new homes in January, helped to lift prices, as the median price of a new home sold in the month rose slightly to \$217,100, up \$600 from December.

There are other signs that the long-suffering housing market is finally improving. The pace of sales of existing homes in January was at the highest point since the end of an \$8,000 home buyers' tax credit in 2010. Mortgage rates have been at record lows until a slight increase this week.



Where it hurts to be a homeowner

Those low financing costs, coupled with years of price declines and some **improvement in the job market** have made **home ownership more affordable** than it has been in decades.

But home prices are still depressed, hurt by the large inventory of **foreclosed homes** still on the market. The price of existing homes sold in January fell to a **10-year low**. And even with the slight increase in new home prices in January, prices are still lower than the annual average for 2010 or 2011. ■

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First Published: February 24, 2012: 10:55 AM ET

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peg789, 02/25/2012 10:16 AM

I'm not surprised by this news - I know that foreclosures are still high in most every part of the country - but they have dropped off here in AZ - however, you also have to consider that those who are underwater and sticking it out, are not moving like they used to, so it seems (at least where I live) that non-foreclosure home sales are at an all time low, there is no...

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McRCN, 02/24/2012 05:52 PM

I would like to know where those houses are selling, types of houses and the price ranges. I have not seen new homes in my area in years.



AlexDallas, 02/24/2012 06:04 PM in reply to McRCN

In Texas.. The prices here never really went as high as other areas. It dropped a little during the downturn, but im seeing a recovery. I just bought one myself. I lost several houses i really liked because i was too late to bid or because i bid too low. Where do you live?

2 people liked this.



LibMedia, 02/24/2012 03:12 PM

When home sales have been so bad for so long, any sales exceeds expectations.



Daaave, 02/24/2012 03:02 PM

<http://www.bizjournals.com/philadelphia/news/2011/12/15/foreclosures-down-but-expected-to.html>



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Daaave, 02/24/2012 03:00 PM

http://www.huffingtonpost.com/2012/01/02/2012-may-see-a-huge-incre_n_1179352.html

http://articles.ky3.com/2012-02-12/home-foreclosures_31053539

<http://articles.latimes.com/2011/nov/18/business/la-fi-mortgage-delinquencies-20111118>



Prime_Controller, 02/24/2012 01:46 PM

Keep an eye on CA Orange County Beach cities real estate if you really want to know when the housing recovery starts.



JonDough, 02/24/2012 01:38 PM

How can you publish this silly thing and keep a straight face? 600 - are you sure that that is statistically meaningful?? Wow; what people with rose-colored glasses won't go for.

1 person liked this.



LOVETEA, 02/24/2012 01:35 PM

Funny, Dow Jones Newswires has an article today saying sales of new homes in the U.S. FELL in January for the first time since August.

New-home sales decreased by 0.9% to a seasonally adjusted annual rate of 321,000 from December, the Commerce Department said Friday.

I guess when you think the bad news is not as bad as you thought it was going to be, that is good news.



perrbr, 02/24/2012 03:01 PM in reply to LOVETEA

This article doesn't disagree with that. It says December was 324k January was 321k which is just under a 1% decrease in sales. CNN tries to make it sound positive by saying these numbers were both higher than expected. I'm not sure what was expected, but CNN didn't lie, they just put a positive spin on it, even though it decreased from December.



jkjk, 02/24/2012 12:58 PM

If expectations are ZERO...then obviously any sales would exceed expectations.

jimntjas and 3 more liked this



sharkflyt, 02/24/2012 12:47 PM



B.S.!!! Home sales have not exceeded expectations and this columnist needs to be fired!!! The fact is that home sales are on a out of control spin path to no return and this will continue as long as gas prices remain high!!! Home sales are affected by the gas prices globally and locally!!! Yes if someone wants to buy a house they better know which city isn't going up to \$8 per gallon because...

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jimntjas liked this



cpacol, 02/24/2012 05:30 PM in reply to sharkflyt

well actually, i would tie the housing market with the job market... can't buy house when people don't have jobs to pay for it



Confusion Reigns, 02/24/2012 01:27 PM in reply to sharkflyt

sharkflyt,

I am not disagreeing with you, but what evidence are you able to supply to refute the article? What statistics do you have access too and what are the sources? I am not looking for supposition or anecdotal evidence (which certainly is likely to exist) I am looking for documented facts. I ask because that is what is needed to fight the lie of a liberally biased media. ...

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LOVETEA, 02/24/2012 01:36 PM in reply to Confusion Reigns

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Primacron, 02/24/2012 11:41 AM

But again, this is about price, as the article points out at the end. b/c if new homes are still selling for drastically less than what the same home built 5 years ago is selling for, there is no motivation for older homes to increase in price. People will just take the new stuff. It's a simple matter of supply and demand, though. When all the new homes are sold, and the foreclosed stuff...

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Lincecum_Says_GSP, 02/24/2012 04:04 PM in reply to Primacron

For the most part yes, but at the heart of it its all related to the individual markets. You have to look at where these new homes are being built. in the good time all the housing markets were flourishing. Right now you only have a few that are showing signs of life (DC Metro, Northeast, Dallas/WF, Houstin, Chicago, etc.)... this is no doubt a good thing because it levels out...

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Bulworth, 02/24/2012 11:41 AM

Obviously, falling prices, lower interest rates and a more secure job market is good for home sales.

3 people liked this.



cpacol, 02/24/2012 05:33 PM in reply to Bulworth

hmmm, i agree with the first 2 but the last bit about secure job market might be a reach...



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