

## Jan. New-Home Sales Surge 17.1% in the South



By Kerry Smith

Overall, Jan. new-home sales rose 7.2%, but the South's 17.1% carried the three other areas that saw a decline. The Northeast saw the biggest drop at 19.4%.

WASHINGTON – Sales of newly built, single-family homes in January increased 7.2% to a 670,000 seasonally adjusted annual rate from an upwardly revised reading in December, according to new data by the U.S. Department of Housing and Urban Development and the U.S. Census Bureau.

However, the data also breaks the U.S. down into four geographic areas, and the South – which includes Florida – saw sales up 17.1%. It was the only area to see an increase and the strong numbers largely drove the total new-home sales data into positive territory.

The Northeast saw the biggest drop in new-home sales, down 19.4%; they declined 6.9% in the Midwest and 7.3% in the West.

According to the National Association of Home Builders (NAHB), the positive sales numbers are only part of the story, noting that the sales aren't necessarily as profitable as they were during times of high demand because many builders offered homebuyer incentives.

"The latest HMI (Housing Market Index) survey shows 57% of builders are using incentives to bolster sales, including providing mortgage rate buy-downs, paying points for buyers and offering price reductions," says Alicia Huey, chairman of NAHB. "Buyer incentives along with stabilizing mortgage rates during the month of January increased the pace of new home sales for the month."

"Even though new home sales edged higher in January, the recent uptick in mortgage rates would imply continued weakness in the coming months," says Danushka Nanayakkara-Skillington, NAHB's assistant vice president for forecasting and analysis. "In terms of

affordability, the median price is down for the third straight month and is down compared to a year ago.”

A new home sale occurs when a sales contract is signed or a deposit is accepted, but the home can be in any stage of construction: not yet started, under construction or completed. The number is seasonally adjusted each month – a mathematical way to even out normal changes in demand through the year. The January reading of 670,000 units is the number of homes that would sell if the same pace continued for the next 12 months.

New single-family home inventory declined in January but remained elevated at a 7.9 months’ supply. A measure near a 6 months’ supply is considered balanced. Completed, ready-to-occupy inventory is up 115% year-to-year but still only 17% of total inventory.

In January, the median price for a new home was \$427,500, down 8.2% month-to-month. It was the third straight monthly decline after peaking at 496,800 in October.

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