New-home sales dropped 6.9% in January

Sales of new, single-family homes dropped 6.9 percent from December to January and were down 4.1 percent year-over-year to a seasonally adjusted rate of 607,000, according to the latest data from the U.S. Census Bureau and Housing and Urban Development.

“Although existing home buyers are capitalizing on the recent decline in mortgage rates, it didn’t spark buyer interest in new homes in January,” Danielle Hale, chief economist for realtor.com said in a statement.

Tendayi Kapfidze, the chief economist at LendingTree, took a broader look to find a positive out of the data.

“Sales may have broken their downward trend as the three-month average moved to the highest since June,” Kapfidze said. “Lower mortgage rates may be starting to support sales despite the January decline.”

The median home price for new sales in January 2019 was $373,100, according to the data.

“Prices of new homes sold actually declined 3.8 percent, as just below-median priced homes became a greater share of sales – 37 percent vs. 27 percent one year ago,” Hale said. “Given the rising cost pressures builders are facing, this could suggest continued difficulty for new homes and new construction ahead.”

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At the end of the month, there were 336,000 new homes on the market, an estimated 6.6 months of supply.

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