NEWS & MEDIA



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New Home Sales Surge in December

By Amy Connolly

Sales on new construction single-family homes increased 8% in December and 4.4% year over year across the U.S. In the South, new home sales increased by 5.2%.

WASHINGTON – Sales of newly built single-family homes surged in December, exceeding expectations fueled by lower mortgage rates and an inventory shortage.

New home purchases increased by 8.0% to a 664,000 seasonally adjusted annual rate after an upward revision to November's figures, according to newly released data by the U.S. Department of Housing and Urban Development and the U.S. Census Bureau (https://www.census.gov/construction/nrs/current/index.html). The pace of new home sales in December is up 4.4% year to year.

An estimated 668,000 new homes were sold in 2023, up 4.2% from the 2022 figure of 641,000.

Regionally, on a year-to-year basis, new home sales are up in all four regions: up 3.5% in the Northeast, 3.6% in the Midwest, 5.2% in the South and 2.1% in the West.

“The solid new home sales rate in December was fueled by a lack of existing inventory in the resale market and declining interest rates,” said Alicia Huey (https://www.nahb.org/news-and-economics/press-releases/2024/01/new-home-sales-bounce-back-in-december-on-lower-mortgage-rates), chairman of the National Association of Home Builders (NAHB) and a custom home builder from Birmingham, Ala. “The rise in sales also coincides with our latest builder surveys, which show a marked increase in future sales expectations because of falling mortgage rates.”

A new home sale occurs when a sales contract is signed or a deposit is accepted. The home can be in any stage of construction: not yet started, under construction or completed. In addition to adjusting for seasonal effects, the December reading of 664,000 units is the number of homes that would sell if this pace continued for the next 12 months.

New single-family home inventory in December remained elevated at a level of 453,000, up 0.4% compared to a year earlier. This represents an 8.2 months’ supply at the current building pace. A measure near a 6 months’ supply is considered balanced. Completed, ready-to-occupy inventory, 88,000 homes in December, is up 22.2% from a year ago. However, that inventory type remains just 19% of total inventory.

The median new home sale price in December was $413,200, edging down 3.0% from November, and down 13.8% compared to a year ago.

“New home sales ended the year on a high note thanks largely to falling interest rates and a decline in existing home sales,” said Danushka Nanayakkara-Skillington, NAHB’s assistant vice president for forecasting and analysis. “And while moderating interest rates are a promising sign for new home sales in the year ahead, long-term issues such as a shortage of buildable lots, a lack of skilled labor and excessive regulations will continue to pose challenges for builders.”

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