

# U.S. Home Sales Falter to Start Year

By Jeffrey Sparshott



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At the current sales pace, the National Association of Realtors says there is a 4.7-month supply of homes Photo: Bloomberg News

Updated Feb. 23, 2015 1:54 p.m. ET

WASHINGTON—Sales of previously owned homes slowed in January, a reflection of the rising prices and tight supplies that could constrain the housing market this year.

Existing-home sales fell 4.9% last month from December to a seasonally adjusted annual rate of 4.82 million, the National Association of Realtors said on Monday, the slowest pace in nine months.

Weather didn't appear to be a big factor in the report, which showed sales falling across all regions of the country. While New England was buffeted by blizzard conditions, January overall was warm and dry in the contiguous U.S., according to the National Oceanic and Atmospheric Administration.

The median sale price for a previously owned home, meanwhile, rose 6.2% from a year earlier to \$199,600. Year

over year, prices have climbed for 35 straight months.

“One of the big problems is the supply of homes,” Joel Naroff, chief economist at Naroff Economic Advisors, said in a note to clients. “Basically, buyers have limited options as the inventory is hovering near some of the lowest levels we have seen in the last fifteen years.”

At the current sales pace, it would take around 4.7 months to exhaust the supply of homes on the market, the NAR said.

Construction of more homes could help ease the situation, but home building also has remained subdued.

U.S. housing starts fell 2% from a month earlier to a seasonally adjusted annual rate of 1.065 million in January, the Commerce Department said last week. Starts on single-family units, which exclude apartments and represent almost two-thirds of the market, dropped 6.7% in January from December.

“I would say that the initial phase of price recovery was good news for the economy but now that prices are easily outpacing people’s income and general consumer price inflation, I would say it’s less healthy,” said Lawrence Yun, NAR’s chief economist. “We need to moderate the price growth and that can only happen with an increase in inventory.”

Housing has been a missing piece of the recovery, making only a small contribution to overall economic growth last year. Many economists expect sales to accelerate this year amid steady hiring, still-low interest rates and the formation of new households, though the year is off to a bumpy start.

Last year, existing home sales, which account for roughly 90% of all purchases in the U.S., fell slightly from 2013 and remain well shy of prerecession levels.

News Corp, owner of The Wall Street Journal, also owns Move Inc., which operates a website and mobile products for the National Association of Realtors.

**Write to** Jeffrey Sparshott at [jeffrey.sparshott@wsj.com](mailto:jeffrey.sparshott@wsj.com)