

# U.S. Housing Flash

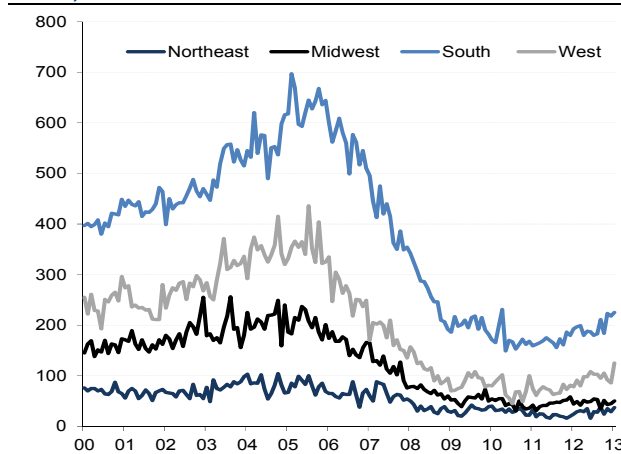
## New Home Sales Surge In January, Prices And Supply Tumble

- Sales of new homes in January emerged much stronger, up 15.6% to an annual 437K
- The ailing supply of homes continues to constrain sales, falling to 4.1 months
- Median sales price of new homes drops 9.4%, but other price indices hold strong

While for a moment, housing starts and existing home sales pointed toward a small hiccup in the housing market, new home sales in January turned the tables. The Census reported strong 15.6% growth in new home sales to an annual rate of 437K from an upwardly revised 378K in December. This represents the highest month-over-month growth in the last decade and the highest level in four years. The two hubs for January's growth were the Northeast and West, where levels rose 27.5% and 45.3%, respectively. This surge, however, has been subject to the market's feeble supply and lagging construction of homes. Dropping to a level unseen since March 2005, the supply of homes fell to 4.1 months from 4.8 as inventory continues to limit sales. While the reasons are plenty, tight credit and difficulty procuring permits and locations have been touted as hindrances to an even stronger housing construction sector. The median home price for January causes some worry, falling 9.3% to \$226,400 from \$249,800 in December. However, the year over year median home price rose 2.1%, nowhere close to its 14% rise the month prior but purports some optimism despite the sharp monthly decline. Price data for December from the FHFA Home Price Index and S&P Case-Shiller Index both point to a slight uptick in prices but not enough to thwart a possible decrease in January. While prices might be something to watch for in the next few housing indicators, January's new home sales point to continued growth within the housing sector and a relatively healthy outlook for the beginning of 2013.

Graph 1

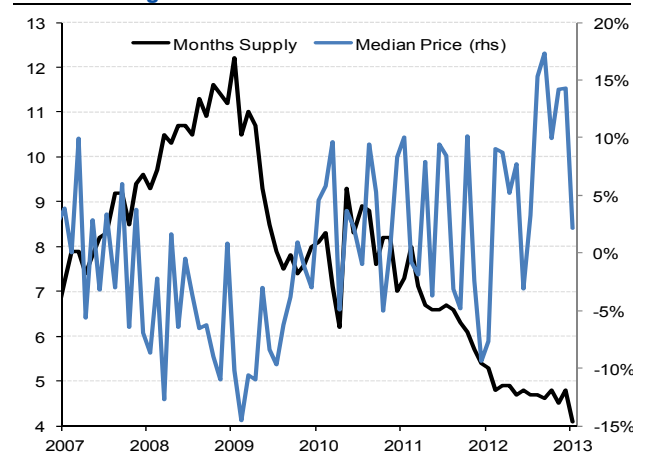
**New Home Sales, by Region**  
SAAR, Thousands



Source: U.S. Census Bureau & BBVA Research

Graph 2

**Median Price and Months' Supply at Current Sales Rate**  
YoY % Change and Ratio



Source: U.S. Census Bureau & BBVA Research

Kim Fraser  
kim.fraser@bbvacompass.com  
+1 713 831 7345

Alejandro Vargas  
alejandro.vargas@bbvacompass.com  
+1 713 831 7348

### DISCLAIMER

This document was prepared by Banco Bilbao Vizcaya Argentaria's (BBVA) BBVA Research U.S. on behalf of itself and its affiliated companies (each BBVA Group Company) for distribution in the United States and the rest of the world and is provided for information purposes only. Within the US, BBVA operates primarily through its subsidiary Compass Bank. The information, opinions, estimates and forecasts contained herein refer to the specific date and are subject to changes without notice due to market fluctuations. The information, opinions, estimates and forecasts contained in this document have been gathered or obtained from public sources, believed to be correct by the Company concerning their accuracy, completeness, and/or correctness. This document is not an offer to sell or a solicitation to acquire or dispose of an interest in securities.