New Home Sales Jump 7.9% in January

Unseasonably mild weather and lower mortgage rates helped trigger a 7.9% surge in new home sales in January. Sales surged in the West and Midwest, where mild weather makes a big difference this time of year.

Mild Winter Weather Gives Home Buying a Boost
- This past January was the fifth warmest on record, and those mild temperatures allowed for more home buying than usual. Seasonally adjusted home sales jumped 7.9% in January, with the West and Midwest accounting for practically all the increase.
- Sales jumped 23.5% in the West, where the bulk of higher priced new homes are located. New home sales fell 4.4% in the South, which is the largest market and also has the lowest home prices.

Home Sales Are Poised for Better Days
- While sales may revert to more typical levels in February, new home sales appear set for better days. Mortgage rates have fallen further in recent weeks and purchase applications have risen.
- Home sales are also less likely to be impacted by coronavirus fears in the near-term. Barring a sustained stock market sell-off, new home sales are expected to trend higher this year, reflecting strong job and income growth and more positive demographics.

Source: U.S. Department of Commerce, Mortgage Bankers Association and Wells Fargo Securities