

## A Mixed Report for Spring Home Sales

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After a [disappointing Winter](#) for **homebuilders**, which many blamed on the frigid weather across much of the country, Spring 2014 brings [mixed news](#) for homebuilders and those selling existing homes in the new season. According to the U.S. Census Bureau and HUD, new home sales were down 14.5% in March. This represents the lowest seasonally-adjusted annual rate since July 2013 and a 13.3% national decline year over year.

While disappointing, the number of total home sales for the first quarter were actually only slightly down from forecasts. The decrease in existing home sales was possibly due to a reduction in distressed sales and fewer first-time buyers than average. On the bright side, pending existing home sales contracts indicate better days ahead during the selling season. Economists at a recent NAHB construction webinar agree that things are [looking up for the industry](#).

According to David Crowe, NAHB's Chief Economist, a continued housing recovery is expected, as evidenced by recent increases in GDP and employment. Moreover, Crowe points to higher consumer confidence and increased consumer purchases of durable goods such as home furnishings as consistent with higher demand. He also noted the challenges facing homebuilders due to a dearth of available homesites and low labor supply.

Although data suggests that conditions have improved slightly for AD&C loans, residential construction remains challenged by the availability of credit. Mortgage rates in March increased to an average contract interest rate for conventional mortgages of 4.21%, yet despite these reasonable rates, tightened credit policies combined with higher home prices have resulted in home buyers with higher average ages and income.

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