Mixed results for October existing-home sales; Mortgages improving

by Bend_Weekly_News_Sources

Single-family existing-home sales were stable in October while the condo sector was down, according to the National Association of Realtors. Lingering effects of the credit crunch were a drag on sales but the mortgage situation has improved significantly.

Total existing-home sales -- including single-family, townhomes, condominiums and co-ops -- eased by 1.2 percent to a seasonally adjusted annual rate of 4.97 million units in October from a downwardly revised level of 5.03 million in September, and are 20.7 percent below the 6.27 million-unit pace in September 2006.

Lawrence Yun, NAR chief economist, expected the sluggish performance. "As noted last month, temporary mortgage problems were peaking back in August when many of the sales closed in October were being negotiated. We continue to see the biggest impact in high-cost markets that rely on jumbo loans," he said. "Mortgage availability has improved as evidenced by much lower mortgage interest rates and a sharp jump in FHA endorsements for home purchases.

"A trend away from subprime mortgages to FHA loans, which often carry much lower interest rates, is a positive development for consumers and the housing market going forward. Still, it will take some time for the change to yield a measurably higher closed sales volume in the aftermath of the subprime collapse. In the near term, we expect home sales to remain fairly stable."

According to Freddie Mac, the national average commitment rate for a 30-year, conventional, fixed-rate mortgage was 6.38 percent in October, unchanged from September; the rate was 6.36 percent in October 2006. Last week, Freddie Mac reported the 30-year fixed rate fell to 6.20 percent.

The national median existing-home price for all housing types was $207,800 in October, down 5.1 percent from October 2006 when the median was $218,900, but there is a downward distortion from the temporary problems with jumbo loans that slowed sales in high-price markets, and that dragged down the national median.

NAR President Richard Gaylord, a broker with RE/MAX Real Estate Specialists in Long Beach, Calif., emphasized that all real estate is local. "Keep in mind that home prices are up in 93 out of 150 metro areas, and there is a lot of confusion in the market from reports about national data. Broadly speaking, home prices in most areas are up modestly or fairly stable," he said. "Areas with population or job growth are seeing the strongest home price gains."

Among the many metro areas showing healthy price gains are Charlotte, N.C.; San Francisco; Albuquerque;

and Green Bay, Wis.

Total housing inventory rose 1.9 percent at the end of October to 4.45 million existing homes available for sale, which represents a 10.8-month supply at the current sales pace, up from a downwardly revised 10.4-month supply in September.

Single-family home sales were unchanged from September at the seasonally adjusted annual rate of 4.37 million in October, and are 20.8 percent below 5.52 million-unit level in October 2006. The median existing single-family home price was $205,700 in October, down 6.3 percent from a year ago.

Existing condominium and co-op sales fell 9.1 percent to a seasonally adjusted annual rate of 600,000 units in October from 660,000 in September, but are 20.2 percent below the 752,000-unit pace in October 2006. The median existing condo price was $223,500 in October, up 4.9 percent from a year ago.

Regionally, existing-home sales in the Northeast were unchanged at an annual pace of 900,000 in October, and are 12.6 percent below October 2006. The median price in the Northeast was $258,700, up 1.3 percent from a year ago.

Existing-home sales in the South also were unchanged in October, at an annual rate of 2.03 million, but are 19.4 percent below a year ago. The median price in the South was $171,400, down 6.7 percent from October 2006.

In the Midwest, existing-home sales slipped 1.7 percent to an annual rate of 1.18 million in October, and are 16.9 percent below October 2006. The median price in the Midwest was $164,000, down 1.6 percent from a year ago.

Existing-home sales in the West fell 4.4 percent in October to a level of 870,000, and are 33.1 percent below a year ago. The median price in the West was $318,200, which is 6.9 percent lower than October 2006.

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