

November Existing-Home Sales Rise Again

by Bend Weekly News Sources

Total housing inventory levels fell 1% to 3.82 million existing homes for sale, representing a 7.3-month supply at the current sales pace

Existing-home sales continued to recover last month following a rise in October, with the level of sales activity suggesting a turn in the market, according to the National Association of Realtors(R).

Total existing-home sales -- including single-family, townhomes, condominiums and co-ops -- rose 0.6 percent to a seasonally adjusted annual rate (1) of 6.28 million units in November from a level of 6.24 million in October, but were 10.7 percent below the 7.03 million-unit pace in November 2005.

David Lereah, NAR's chief economist, said modest gains are expected for home sales. "As the housing market recovers from its correction, existing-home sales should be rising gradually during 2007 -- it looks like we may have reached the low point for the current cycle in September," he said. "We've entered a more sustainable period of home sales now, and we expect greater support for prices over time as inventory levels are eventually drawn down."

Total housing inventory levels fell 1.0 percent at the end of November to 3.82 million existing homes available for sale, which represents a 7.3-month supply at the current sales pace.

The national median existing-home price (2) for all housing types was \$218,000 in November, which is 3.1 percent lower than November 2005 when the median price was \$225,000. The median is a typical market price where half of the homes sold for more and half sold for less. "For every 1.0 percent drop in home prices, we project an additional 50,000 buyers are drawn into the market," Lereah said.

According to Freddie Mac, the national average commitment rate for a 30-year, conventional, fixed-rate mortgage was 6.24 percent in November, down from 6.36 percent in October; the rate was 6.33 percent in November 2005.

NAR President Pat Vredevoogd Combs, from Grand Rapids, Mich., and vice president of Coldwell Banker-AJS-Schmidt, said the performance of long-term interest rates is a pleasant surprise. "Mortgage interest rates are the lowest they've been since January, and it's the first time since August of 2005 that interest rates are lower than a year earlier," said Combs. "This is increasing buying power at the same time that sellers are showing a willingness to negotiate price and terms. Combined with a plentiful supply of homes on the market, there's a window for buyers now with conditions that we haven't seen prior to the beginning of the housing boom in 2001."

Single-family home sales increased 0.2 percent to a seasonally adjusted annual rate of 5.52 million in November from a pace of 5.51 million in October, but were 10.2 percent lower than the 6.15 million-unit level in November 2005. The median existing single-family home price was \$217,200 in November, which is 3.6 percent lower than a year ago.

Existing condominium and cooperative housing sales rose 3.1 percent to a seasonally adjusted annual rate of 757,000 units in November from a downwardly revised 734,000 in October, but were 13.6 percent below the 876,000-unit pace in November 2005. The median existing condo price (3) was \$224,600 in November, which is unchanged from a year ago.

Regionally, existing-home sales in the Northeast increased 6.0 percent to a level of 1.06 million in November, but were 4.5 percent below November 2005. The median existing-home price in the Northeast was \$269,000, down 2.2 percent from a year earlier.

Existing-home sales in the West rose 0.8 percent to an annual pace of 1.32 million in November but were 17.5 percent lower than a year earlier. The median price in the West was \$351,000, down 0.8 percent from November 2005.

Existing-home sales in the Midwest were unchanged in November, holding at a level of 1.42 million, and were 9.6 percent lower than November 2005. The median price in the Midwest was \$165,000, which is 3.5 percent below a year ago.

Existing-home sales in the South fell 1.6 percent to an annual sales rate of 2.47 million in November, and were 10.2 percent below a year ago. The median price in the South was \$179,000, down 3.2 percent from November 2005.

The National Association of Realtors(R), "The Voice for Real Estate," is America's largest trade association, representing more than 1.3 million members involved in all aspects of the residential and commercial real estate industries.

(1) The annual rate for a particular month represents what the total number of actual sales for a year would be if the relative pace for that month were maintained for 12 consecutive months. Seasonally adjusted annual rates are used in reporting monthly data to factor out seasonal variations in resale activity. For example, home sales volume is normally higher in the summer than in the winter, primarily because of differences in the weather and family buying patterns.

Existing-home sales, which include single-family, townhomes, condominiums and co-ops, are based on transaction closings. This differs from the U.S. Census Bureau's series on new single-family home sales, which are based on contracts or the acceptance of a deposit. Because of these differences, it is not uncommon for each series to move in different directions in the same month. In addition, existing-home sales, which generally account for 85 percent of total home sales, are based on a much larger sample - nearly 40 percent of multiple listing service data each month - and typically are not subject to large prior-month revisions.

(2) The only valid comparisons for median prices are with the same period a year earlier due to the seasonality in buying patterns. Month-to-month comparisons do not compensate for seasonal changes, especially for the timing of family buying patterns.

(3) Because there is a concentration of condos in high-cost metro areas, the national median condo price can be higher than the median single-family price. In a given market area, condos typically cost less than single-family homes.

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