First-quarter home prices, sales show broad stabilization

by Bend_Weekly_News_Sources

State existing-home sales in the first quarter generally are below a year ago but more states are improving than reported in the fourth quarter of 2006, and home prices in most areas show that conditions are favoring buyers, according to the latest quarterly survey by the National Association of Realtors.

Total state existing-home sales, including single-family and condo, were at a seasonally adjusted annual rate(1) of 6.41 million units in the first quarter, down 6.6 percent from a 6.86 million-unit pace in the first quarter of 2006, but are 2.4 percent higher than the fourth quarter 2006 level of 6.26 million. Fourteen states and the District of Columbia showed increases in the sales pace from a year ago, up from only six states showing gains in the fourth quarter report. One state was unchanged, and complete data for two states were not available.

In the first quarter, metro area existing single-family home prices, comparing changes in 145 metropolitan statistical areas(2) show 82 metros had price increases from a year ago, including 11 areas with double-digit annual gains; 62 had price declines, and one was unchanged. In the fourth quarter, 71 areas had reported price gains.

Lawrence Yun, NAR senior economist, said the data shows a broad stabilization. "One of the benefits of looking at quarterly data is that it's more representative than monthly reports, smoothing out the effects of unusual weather," he said. "Essentially, we see that the existing-home market is stabilizing in a broad cyclical trough and moving in the right direction, with a modest gain from the fourth quarter. Conditions changed fairly rapidly during the boom, but we need more patience now to see a slow, gradual recovery, which should start in the second half of this year."

The national median existing single-family home price was $212,300 in the first quarter, down 1.8 percent from a year ago when the median price was $216,100. In the fourth quarter, the median price was reported to be 2.7 percent below a year earlier. The median is a typical market price where half of the homes sold for more and half sold for less, but there is a downward skew in the national comparison because sales have shifted away from many high-cost areas.

NAR President Pat V. Combs, from Grand Rapids, Mich., and vice president of Coldwell Banker-AJS-Schmidt, said a flattening in home prices is encouraging. "It appears the worst of the price correction is behind us," she said. "More stable home prices and declining mortgage interest rates are increasing buying power, which should encourage potential buyers who've been on the sidelines. Plentiful inventory and motivated sellers in many areas mean there are many opportunities to buy a home, especially if you're in it for the long haul."

According to Freddie Mac, the national average commitment rate on a 30- year conventional fixed-rate mortgage was 6.22 percent in the first quarter, down from 6.25 percent in the fourth quarter; the rate was 6.24 percent in the first quarter of 2006. Last week, Freddie Mac reported the 30-year fixed rate dropped to 6.15 percent.

The biggest total annual sales increase was in Wyoming, where existing- home sales rose 19.9 percent from the first quarter of 2006. In the District of Columbia, the first-quarter resale pace rose 9.3 percent from a year ago, while Arkansas experienced the third strongest gain, up 8.8 percent.

In the first quarter, the largest single-family home price increase was in the Cumberland area of Maryland and West Virginia, where the median price of $100,000 was 17.1 percent higher than a year earlier. Next was Beaumont-Port Arthur, Texas, at $115,800, up 16.5 percent from the first quarter of 2006, followed by the Gulfport-Biloxi area of Mississippi, where the first quarter median price increased 15.7 percent to $153,700.

Median first-quarter metro area single-family prices ranged from a very affordable $75,300 in Elmira, N.Y., to more than 10 times that amount in the San Jose-Sunnyvale-Santa Clara area of California where the median price was $788,000. The second most expensive area was San Francisco-Oakland-Fremont, at $748,100, followed by the Anaheim-Santa Ana-Irvine area (Orange Co., Calif.), at $697,300.

In addition to Elmira, other affordable markets include Decatur, Ill., with a first-quarter median price of $76,200, and the Youngstown-Warren- Boardman area of Ohio and Pennsylvania, at $78,300.

In the condo sector, metro area condominium and cooperative prices - covering changes in 59 metro areas - show the national median existing condo price was $224,500 in the first quarter, up 1.0 percent from the same quarter in 2006. Twenty-seven metros showed annual increases in the median condo price, including seven areas with double-digit gains; 31 areas had price declines and one was unchanged.

The strongest condo price gains were in the Salt Lake City area, where the first quarter price of $164,600 rose 25.6 percent from a year ago, followed by Albuquerque, where the median condo price of $147,100 rose 17.9 percent from the first quarter of 2006, and the Austin-Round Rock area of Texas at $169,000, an increase of 14.4 percent.

Metro area median existing-condo prices in the first quarter ranged from $91,600 in Bismarck, N.D., to $584,700 in the San Francisco-Oakland-Fremont area. The second most expensive condo market reported was the Sarasota- Bradenton-Venice area of Florida, at $413,900, followed by Los Angeles-Long Beach-Santa Ana at $403,500.

Other affordable condo markets include Wichita, Kan., at $94,500, and Greensboro-High Point, N.C., at $112,100.

Regionally, existing-home sales in the Northeast rose 1.2 percent to an annual pace of 1.13 million units in the first quarter from the same period a year ago. The biggest gain in the region was in New Jersey, where sales rose 7.6 percent from the fourth quarter of 2006, followed by New York state, up 7.4 percent, and Massachusetts with a 3.9 percent increase.

The median Northeastern resale single-family home price was $268,900 in the first quarter, down 2.5 percent from the first quarter of 2006. The strongest price increase in the Northeast was in Binghamton, N.Y., with a median price of $98,100, up 8.9 percent from the first quarter of last year, followed by the Reading, Penn., area, at $141,300, up 7.3 percent, and the Trenton-Ewing area of New Jersey, which rose 7.1 percent to $283,800.

In the Midwest, total existing-home sales fell 6.1 percent to a 1.49 million-unit annual level in the first quarter compared with a year earlier. The largest sales increase in the region was in Iowa, where sales rose 8.2 percent from the fourth quarter of 2006, followed by North Dakota, which rose 4.7 percent from a year ago, and Indiana, up 2.9 percent.

The median existing single-family home price in the Midwest was $154,600, down 2.8 percent from the first quarter of 2006. The strongest metro price increase in the Midwest was in the Bismarck, N.D., area where the median price of $149,400 was 14.1 percent higher than a year ago. Next was the Champaign- Urbana area of Illinois, at $145,400, up 9.2 percent from the first quarter of 2006, and Akron, Ohio, at $111,000, up 6.5 percent.

Total existing-home sales in the South were at an annual rate of 2.51 million units in the first quarter, down 7.3 percent from the first quarter of 2006. After the District of Columbia, the next strongest increase in the South was in Arkansas, up 8.8 percent from a year ago, followed by Kentucky, which rose 3.9 percent, and Texas, up 2.7 percent.

The median existing single-family home price in the South was $177,800 in the first quarter, which is 0.6 percent below a year earlier. After the Cumberland, Beaumont-Port Arthur and Gulfport-Biloxi areas, the strongest increase in the South was in the Oklahoma City area at $134,400, up 12.1 percent from a year ago, followed by the San Antonio area with an 11.2 percent gain to $148,300, and Baton Rouge, La., at $169,400, up 9.7 percent.

In the West, the existing-home sales pace of 1.28 million units fell 11.9 percent from the first quarter of 2006. After Wyoming, the best performance in the region was in Colorado where sales rose 0.8 percent from a year earlier.

The median existing single-family home price in the West was $336,200 in the first quarter, down 1.8 percent from a year ago. The strongest increase in the West was in the Salem, Ore., area, at $221,600, up 15.6 percent from the first quarter of 2006, followed by the Albuquerque area, at $193,700, up 12.7 percent, and the Salt Lake City at $206,900, up 12.3 percent from a year ago.

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 seasonally adjusted annual rate for a particular quarter represents what the total number of actual sales for a year would be if the relative sales pace for that quarter was maintained for four consecutive quarters. Total home sales include single family, townhomes, condominiums and co-operative housing. NAR began tracking the state sales series in 1981.

Seasonally adjusted rates are used in reporting quarterly data to factor out seasonal variations in resale activity. For example, sales volume normally is higher in the summer and relatively light in winter, primarily because of differences in the weather and household buying patterns.

Tables of state resale rates, percent changes and some historic data are available at the site below under Research - click on Housing Statistics, then scroll down the center to State Existing-Home Sales.

(2) Areas are generally metropolitan statistical areas as defined by the U.S. Office of Management and Budget. A list of counties included in MSA definitions is available at: http://www.census.gov/population/estimates/metro-city/0312msa.txt

Regional median home prices include rural areas and samples of many smaller metros that are not included in this report; the regional percentage changes do not necessarily parallel changes in the larger metro areas. The only valid comparisons for median prices are with the same period a year earlier due to seasonality in buying patterns. Quarter-to-quarter comparisons do not compensate for seasonal changes, especially for the timing of family buying patterns.

NAR began publication of metropolitan area median single-family home prices in 1982; the metro area

condo price series was launched at the beginning of 2006, with several years of historic data.

Because there is a concentration of condos in high-cost metro areas, the national median condo price sometimes is higher than the median single-family price. In a given market area, condos typically cost less than single-family homes. As the reporting sample expands in the future, additional area will be included in the condo price report.

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