

Existing-Home Sales...

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WASHINGTON, D.C. – Existing-home sales were down in July, while home prices in many areas are slightly below year-ago levels, according to the National Association of Realtors®.

Total existing home sales – including single-family, townhomes, condominiums and co-ops – dropped 4.1 percent to a seasonally adjusted annual rate¹ of 6.33 million units in July from a downwardly revised pace of 6.60 million June, and were 11.2 percent below the 7.13 million-unit level in July 2005.

David Lereah, NAR's chief economist, said higher interest rates dampened sales but that price softening is good news for the housing market because it is drawing buyers. "Many potential home buyers have been on the sidelines, some 'kicking the tires,' but mostly waiting for sellers to compromise on prices and terms," he said. "Now sellers in many areas of the country are pricing to reflect current market realities. As a result, there could be some lift to home sales, but it'll likely take some months for price appreciation to rise."

The national median existing-home price for all housing types was \$230,000 in July, up 0.9 percent from July 2005 when the median was \$228,000. The median is a typical market price where half of the homes sold for more and half sold for less.

According to Freddie Mac, the national average commitment rate for a 30-year, conventional, fixed-rate mortgage was 6.76 percent in July, up from 6.68 percent in June; the rate was 5.70 percent in July 2005. Last week, the 30-year rate declined to 6.52 percent. "An unexpected quarter-point drop in mortgage interest rates over the last month also could help to stimulate the housing market," Lereah said.

NAR President Thomas M. Stevens from Vienna, Va., said most sellers continue to see excellent returns on their homes. "Considering that typical sellers have been in their home for six years, the average appreciation during that time is close to 60 percent," said Stevens, senior vice president of NRT Inc. "This demonstrates the value of housing as a long-term investment – the longer you own, the better your return."

Total housing inventory levels rose 3.2 percent at the end of July to 3.86 million existing homes available for sale, which represents a 7.3-month supply at the current sales pace.

Single-family home sales dropped 5.0 percent to a seasonally adjusted annual rate of 5.51 million in July from 5.80 million in June, and were 11.4 percent below the 6.22 million-unit pace in July 2005. The median existing single-family home price was \$231,200 in July, up 1.5 percent from a year earlier.

Existing condominium and cooperative housing sales rose 2.8 percent to a seasonally adjusted annual rate of 818,000 units in July from 796,000 in June, but were 10.5 percent below the 914,000-unit pace in July 2005. The median existing condo price was \$225,600 in July, down 1.0 percent from a year ago.

Regionally, existing-home sales in the South slipped 1.2 percent to a pace of 2.53 million in July, and were 7.0 percent below July 2005. The median existing-home price in the South was \$192,000, up 3.2 percent from a year earlier.

Existing-home sales in the Northeast dropped 5.4 percent to an annual sales rate of 1.05 million units in July, and were 12.5 percent below a year ago. The median price in the Northeast was \$276,000, down 2.1 percent from July 2005.

Existing-home sales in the Midwest fell 5.9 percent in July to a level of 1.43 million, and were 10.1 percent lower than July 2005. The median price in the Midwest was \$178,000, which is 0.6 percent below a year ago.

Existing-home sales in the West dropped 6.4 percent to an annual pace of 1.32 million in July, and were 18.0 percent lower than a year earlier. The median price in the West was \$348,000, down 0.3 percent from July 2005.