

## Existing-Home Sales Rise In February

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[Existing-home sales](#) increased in February, reversing losses in January. Even so, sales activity remains relatively soft, reflecting additional layoffs and buyers waiting for housing provisions in the economic stimulus package to take effect, according to the National Association of Realtors®.

Existing-home sales – including single-family, townhomes, condominiums and co-ops – rose 5.1 percent to a seasonally adjusted annual rate<sup>1</sup> of 4.72 million units in February from a pace of 4.49 million units in January, but are 4.6 percent below the 4.95 million-unit level in February 2008. Seasonal adjustment factors are more volatile in winter months, but sales rates over the past few months show dampened sales activity.

[Lawrence Yun](#), NAR chief economist, said first-time buyers accounted for half of all home sales last month, with activity concentrated in lower price ranges. “Because entry level buyers are shopping for bargains, distressed sales accounted for 40 to 45 percent of transactions in February,” he said. “Our analysis shows that distressed homes typically are selling for 20 percent less than the normal market price, and this naturally is drawing down the overall median price.”

The national median existing-home price<sup>2</sup> for all housing types was \$165,400 in February, down 15.5 percent from a year ago when the median was \$195,800 and conditions were close to normal; the median is where half of the homes sold for more and half sold for less. “Given the downward distortion in price comparisons due to distressed sales, it’s important for owners to keep in mind that this doesn’t equate to a similar loss of value for traditional homes in good condition,” Yun explained.

Yun said a recovery in the West is much stronger than expected. “Strong sales gains in the West are led by California, where the median listing price is beginning to rise for the first time in three years,” he said. NAR President [Charles McMillan](#), a broker with Coldwell Banker Residential Brokerage in Dallas-Fort Worth, said home shopping activity has picked up with housing affordability at a record high. “The number of buyers looking for homes rose 5 percent in February, and also was 5 percent above a year ago,” he said. “It appears most of the increase in buyer traffic occurred in the latter part of the month after the \$8,000 first-time buyer tax credit was put in place. At the same time, mortgage purchase applications have risen, so we expect to see sales picking up around late spring.”

McMillan noted that more potential buyers are learning about the tax credit, just as the traditional spring home-buying season begins. “In this changing market, smart buyers and sellers consult with Realtors® who can advise them about current conditions in their area, and counsel them on the best way to move forward,” he said.

According to Freddie Mac, the [national average commitment rate](#) for a 30-year, conventional, fixed-rate mortgage edged up to 5.13 percent in February from a record low 5.05 percent in January; the rate was 5.92 percent in February 2008. Last month’s average mortgage rate was the second lowest since data collection began in 1971. Last week the rate further declined to 4.98 percent.

Total housing inventory at the end of February rose 5.2 percent to 3.80 million existing homes available for sale, which represents a 9.7-month supply<sup>3</sup> at the current sales pace, unchanged from January. In the

six months prior to February, the total number of homes for sale had steadily declined from a record level last July.

Single-family home sales rose 4.4 percent to a seasonally adjusted annual rate of 4.23 million in February from a level of 4.05 million in January, but are 3.6 percent below the 4.39 million-unit pace in February 2008. The median existing single-family home price was \$164,600 in February, down 15.0 percent from a year ago.

Existing condominium and co-op sales increased 11.4 percent to a seasonally adjusted annual rate of 490,000 units in February from 440,000 units in January, but are 13.1 percent lower than the 564,000-unit pace a year ago. The median existing condo price<sup>4</sup> was \$172,200 in February, which is 18.7 percent lower than February 2008.

Regionally, existing-home sales in the Northeast jumped 15.6 percent to an annual pace of 740,000 in February, but are 14.9 percent below February 2008. The median price in the Northeast was \$251,200, down 4.8 percent from a year ago.

Existing-home sales in the Midwest increased 1.0 percent in February to a pace of 1.04 million but are 14.0 percent lower than a year ago. The median price in the Midwest was \$131,000, which is 7.8 percent below February 2008.

In the South, existing-home sales rose 6.1 percent to an annual pace of 1.74 million in February but are 11.2 percent below February 2008. The median price in the South was \$146,700, down 10.0 percent from a year ago.

Existing-home sales in the West increased 2.6 percent to an annual rate of 1.20 million in February and remain 30.4 percent higher than a year ago. The median price in the West was \$204,600, which is 30.3 percent below February 2008.

The National Association of Realtors<sup>®</sup>, “The Voice for Real Estate,” is America’s largest trade association, representing 1.2 million members involved in all aspects of the residential and commercial real estate industries.

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NOTE: References to performance in states or metro areas are from unpublished raw data used to analyze regional trends; please contact your local association of Realtors<sup>®</sup> for more information.

<sup>1</sup>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. However, seasonal factors cannot compensate for abnormal weather 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 to 90 percent of total home sales, are based on a much larger sample – more than 40 percent of multiple listing service data each month – and typically are not subject to large prior-month revisions.

Single-family data collection began monthly in 1968, while condo data collection began quarterly in 1981; the series were combined in 1999 when monthly collection of condo data began. Prior to this period, single-family homes accounted for more than nine out of 10 purchases. Historic comparisons for total home sales prior to 1999 are based on monthly single-family sales, combined with the corresponding quarterly sales rate for condos.

<sup>2</sup>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. Changes in the composition of sales can distort median price data. Year-ago median and mean prices sometimes are revised in an automated process if more data is received than was originally reported.

<sup>3</sup>Total inventory and month's supply data are available back through 1999, while single-family inventory and month's supply are available back to 1982.

<sup>4</sup>Because there is a concentration of condos in high-cost metro areas, the national median condo price generally is higher than the median single-family price. In a given market area, condos typically cost less than single-family homes.

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