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## Existing Home Sales Rise In February

WASHINGTON, March 24, 2008 - Sales of existing homes increased in February and remain within a fairly stable range, according to the National Association of Realtors®.

Existing-home sales – including single-family, townhomes, condominiums and co-ops – rose 2.9 percent to a seasonally adjusted annual rate (1) of 5.03 million units in February from a pace of 4.89 million in January, but remain 23.8 percent below the 6.60 million-unit level in February 2007. The sales pace has been in a fairly narrow range since last September.

Lawrence Yun, NAR chief economist, said the gain is encouraging. “We’re not expecting a notable gain in existing-home sales until the second half of this year, but the improvement is another sign that the market is stabilizing,” he said. “Buyers taking advantage of higher loan limits for both FHA and conventional mortgages will unleash some pent-up demand. As inventories are drawn down, prices in many markets should go positive later this year.”

The national median existing-home price (2) for all housing types was \$195,900 in February, down 8.2 percent from a year earlier when the median was \$213,500. Because the slowdown in sales from a year ago is greater in high-cost areas, there is a downward pull to the national median with relatively fewer sales in higher priced markets.

Home prices within metropolitan areas are more telling. The most recent data shows roughly half of the metro areas in the U.S. with price increases, with healthy gains in markets such as Oklahoma City and Trenton, N.J. “In other areas such as Sacramento, a rapid price decline has induced buyers to come into the market and sales are now rising,” Yun said. “The relationship between home prices, interest rates and income has improved to the point where buyers are more serious about making offers.”

According to Freddie Mac, the national average commitment rate for a 30-year, conventional, fixed-rate mortgage rose to 5.92 percent in February from 5.76 percent in January; the rate was 6.29 percent in February 2007.

NAR President Richard F. Gaylord, a broker with RE/MAX Real Estate Specialists in Long Beach, Calif., said that negotiation and knowledge are even more important in the current market. “Consumers need to be aware of local market conditions and comparable sales prices to have a clear picture of a home’s value,” he said. “Realtors® understanding of local markets, negotiating expertise, and transaction experience are invaluable to both buyers and sellers, today as much as ever.”

Total housing inventory fell 3.0 percent at the end of February to 4.03 million existing homes available for sale, which represents a 9.6-month supply (3) at the current sales pace, down from a 10.2-month supply in January.

Single-family home sales increased 2.8 percent to a seasonally adjusted annual rate of 4.47 million in February from an upwardly revised 4.35 million in January, but are 22.9 percent below 5.80 million-unit level a year ago. The median existing single-family home price was \$193,900 in February, down 8.7 percent from February 2007.

Existing condominium and co-op sales rose 3.7 percent to a seasonally adjusted annual rate of 560,000 units in February from a downwardly revised 540,000 in January, and are 29.7 percent below the 797,000-unit pace in February 2007. The median existing condo price (4) was \$211,700 in February, which is 4.9 percent lower than a year ago.

Regionally, existing-home sales in the Northeast jumped 11.3 percent to an annual pace of 890,000 in February, but are 26.4 percent below February 2007. The median price in the Northeast was \$264,800, up 0.4 percent from a year ago.

Existing-home sales in the Midwest rose 2.5 percent in February to a level of 1.24 million but are 19.5 percent below a year ago. The median price in the Midwest was \$143,900, which is 7.1 percent lower than February 2007.

In the South, existing-home sales increased 2.1 percent to an annual rate of 1.99 million in February but are 22.0 percent below February 2007. The median price in the South was \$163,400, down 8.6 percent from a year ago.

Existing-home sales in the West slipped 1.1 percent to an annual rate of 920,000 in February, and are 29.2 percent below a year ago. The median price in the West was \$290,400, down 13.4 percent from February 2007.

The National Association of Realtors®, “The Voice for Real Estate,” is America’s largest trade association, representing 1.3 million members involved in all aspects of the residential and commercial real estate industries.

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(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. 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 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. Changes in the geographic 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.

(3) 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. Condos were tracked quarterly prior to 1999 when single-family homes accounted for more than nine out of 10 purchases (e.g., condos were 9.5 percent of transactions in 1998, 8.5 percent in 1990 and only 6.1 percent in 1982).

(4) 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.

Existing-home sales for March will be released April 22. The next Forecast / Pending Home Sales Index is scheduled for April 8.