

The Mortgage Corner

April Home Sales Mixed

Existing-home sales fell in April after a two-month rebound, according to the National Association of Realtors. Total existing-home sales – including single-family, townhomes, condominiums and co-ops – slipped 2.0 percent to a seasonally adjusted annual rate of 6.76 million units in April from a downwardly revised level of 6.90 million in March, and were 5.7 percent below the 7.17 million-unit pace in April 2005. And it is a 6.2 percent drop from the sales record of 7.21 million annualized units set last August.

David Lereah, NAR's chief economist, said the decline was expected. "Our leading indicator for pending home sales was trending lower, and our forecast model is showing a modest decline for the second quarter with sales leveling out before rising in the fourth quarter," he said. "Higher interest rates are slowing home sales, but we see this as another sign of a soft landing for the housing sector which remains at historically high levels."

This is even though new-home sales are still soaring. The Commerce Dept. just reported that April new-home sales were up 4.9 percent over March sales, to a seasonally-adjusted 1.2 million units. Prices are moderating, however, with the median price of a new home up just 2.8 percent to \$238,500.

According to Freddie Mac, the national average commitment rate for a 30-year, conventional, fixed-rate mortgage was 6.51 percent in April, up from 6.32 percent in March; the rate was 5.86 percent in April 2005.

The national median existing-home price for all housing types was \$223,000 in April, up 4.2 percent from April 2005 when the median was \$214,000, also moderating from the 12 to 16 percent increases of the past 2 years. The median is a typical market price where half of the homes sold for more and half sold for less.

NAR President Thomas M. Stevens said the big run up in home prices is over. "After five years of booming sales, we are now experiencing normal market conditions across most of the country," said Stevens. "Inventories levels have come up to balanced levels between home buyers and sellers, so the pressure has come off of home prices and most owners can expect steadier gains in home values for the foreseeable future."

Total housing inventory levels rose 5.8 percent at the end of April to 3.38 million existing homes available for sale, which represents a 6.0-month supply at the current sales pace. Single-family home sales dipped 2.0 percent to a seasonally adjusted annual rate of 5.92 million in April from 6.04 million in March, and were 5.6 percent below the 6.27 million-unit pace in April 2005. The median existing single-family home price was \$222,700 in April, up 4.3 percent from a year ago.

Existing condominium and cooperative housing sales declined 2.7 percent to a seasonally adjusted annual rate of 839,000 units in April from an upwardly revised pace of 862,000 in March, and were 6.3 percent below the 895,000-unit pace in April 2005. The median existing condo price³ was \$222,000 in March, down 0.2 percent from a year ago.

Regionally, sales slipped in all regions, but only the Midwest showed a drop in the median price. Existing-home sales in the Northeast slipped 0.8 percent to an annual sales rate of 1.18 million units in April, and were 2.5 percent below a year ago. The Northeast median price was \$283,000, up 5.6 percent from April 2005.

Existing-home sales in the West declined 1.4 percent to an annual pace of 1.41 million in April, and were 13.0 percent below April 2005. The median price in the West was \$348,000, up 4.8 percent from a year ago.

In the South, existing-home sales eased by 1.9 percent in April to a level of 2.61 million, and were 3.7 percent lower than a year ago. The median price in the South was \$180,000, up 3.4 percent from April 2005.

Existing-home sales in the Midwest fell 3.7 percent to a pace of 1.57 million in April, and were 3.1 percent below April 2005. The median existing-home price in the Midwest was \$166,000, down 1.2 percent from a year earlier.