

The Mortgage Corner

NOVEMBER SIGNALS SEASONAL DECLINE IN EXISTING-HOME SALES

Existing-home sales declined in November while home prices sustained double-digit annual gains, according to the National Association of Realtors. Total existing-home sales – including single-family, townhomes, condominiums and co-ops – eased 1.7 percent to a seasonally adjusted annual rate of 6.97 million units in November from a pace of 7.09 million in October. Sales were 0.1 percent below the 6.98 million-unit level in November 2004.

David Lereah, NAR's chief economist, said higher mortgage interest rates were responsible for moderating sales, but noted it's important to keep an eye on the actual level of home sales given the market surge this year. "The current pace of home sales activity remains historically strong – only eight months have had a higher sales pace," he said. "A modest downtrend, to a sales volume that is expected to be the second-best year ever in 2006, will be good for the long-term health of the housing sector."

According to Freddie Mac, the national average commitment rate for a 30-year, conventional, fixed-rate mortgage was 6.33 percent in November, up from 6.07 percent in October; the rate was 5.73 percent in November 2004. Last week, Freddie Mac reported the 30-year fixed rate eased back to 6.26 percent.

The national median existing-home price for all housing types was \$215,000 in November, up 13.2 percent from November 2004 when the median was \$190,000. 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 housing inventory levels are improving. "As more listings of homes come on the market during this period of modestly declining sales, more home buyers will find themselves in a better position to negotiate," said Stevens, senior vice president of NRT Inc. "Most home sellers will see excellent returns on their investment, but should understand that double-digit annual increases will become less common in the coming year."

Total housing inventory levels rose 1.2 percent at the end of November to 2.90 million existing homes available for sale, which represents a 5.0-month supply at the current sales pace.

Single-family home sales were down 1.9 percent to a seasonally adjusted annual rate of 6.11 million in November from 6.23 million in October, and were 0.5 percent below a 6.14 million-unit pace in November 2004. The median single-family home price was \$213,500 in November, which was 13.5 percent higher than a year ago.

Existing condominium and cooperative housing sales slipped 0.8 percent to a seasonally adjusted annual rate of 857,000 units in November from a level of 864,000 in October. Last month's sales activity was 2.0 percent higher than the 840,000-unit pace in November 2004. The median condo price³ was \$225,300, up 10.7 percent from a year ago.

Regionally, total existing-home sales in the South eased by 0.7 percent in November to a level of 2.74 million, but were 3.8 percent higher than November 2004. The median price in the South was \$184,000, up 8.2 percent from November 2004.

Existing-home sales in the Midwest slipped 1.3 percent to annual pace of 1.56 million in November, and were 0.6 percent below a year ago. The median price in the Midwest was \$170,000, which was 10.4 percent higher than November 2004.

Total existing-home sales in the Northeast declined 2.7 percent to an annual sales rate of 1.09 million units in November, and were 4.4 percent lower than November 2004. The median price in the Northeast was \$250,000, up 9.2 percent from a year ago.

Existing-home sales in the West fell 3.7 percent to a pace of 1.58 million in November, and were 3.7 percent below a year ago. The median existing-home price in the West was \$328,000, up 19.3 percent from November 2004.

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