

## Mortgage Availability Improving But Hampered September Existing-Home Sales

WASHINGTON, October 24, 2007 -

Temporary problems in the mortgage market are easing and are expected to free some pent-up demand, but disrupted existing-home sales and distorted prices on sales closed in September, according to the National Association of Realtors®. Even so, prices rose in the Northeast and Midwest.

Total existing-home sales – including single-family, townhomes, condominiums and co-ops – fell 8.0 percent to a seasonally adjusted annual rate<sup>1</sup> of 5.04 million units in September from a downwardly revised pace of 5.48 million in August, and are 19.1 percent below the 6.23 million-unit level in September 2006.

The third quarter finished better than expected, with a 5.42 million annual rate of existing-home sales versus the 5.38 million forecast by NAR.

Lawrence Yun, NAR senior economist, said the decline is understandable. “Mortgage problems were peaking back in August when many of the September closings were being negotiated, and that slowed sales notably in higher priced areas that rely more on jumbo loans,” he said. “The good news is that mortgage availability has markedly improved in recent weeks with interest rates on jumbo loans falling, and more people are applying for safer and conforming FHA mortgage products. Some of the cancelled transactions will move forward as buyers apply for other loans.”

The national median existing-home price<sup>2</sup> for all housing types was \$211,700 in September, down 4.2 percent from September 2006 when the median was \$220,900; this follows three months of stability in comparing with year-ago prices. The median is a typical market price where half of the homes sold for more and half sold for less.

“Because there were fewer transactions at the upper end of the market, there is a downward distortion reflected in a lower national median home price. Home prices continue to trend up in the Northeast and in the condo sector. In other areas not dependent on jumbo loans, such as much of the Midwest, prices are rising.”

Total housing inventory inched up 0.4 percent at the end of September to 4.40 million existing homes available for sale, which represents a 10.5-month supply<sup>3</sup> at the current sales pace, up from a downwardly revised 9.6-month supply in August. “It appears raw inventories are stabilizing, but the housing supply is a bit inflated now because the sales pace does not reflect underlying market conditions – sales were dampened by the mortgage cancellations,” Yun explained. “Once the pent-up demand begins to move, we’ll see housing supplies begin to ease and then prices will edge up.”

NAR President Pat V. Combs, from Grand Rapids, Mich., and vice president of Coldwell Banker-AJS-Schmidt, said housing remains a good long-term investment. “Because local conditions vary widely, it’s important for consumers to understand the fundamentals of what’s going on in their area. To sort through the factors in a particular neighborhood, both buyers and sellers should consult with a Realtor® to help them navigate the current local market.”

According to Freddie Mac, the national average commitment rate for a 30-year, conventional, fixed-rate mortgage fell to 6.38 percent in September from 6.57 percent in August; the rate was 6.40 percent in September 2006.

Single-family home sales dropped 8.6 percent to a seasonally adjusted annual rate of 4.38 million in September from a pace of 4.79 million in August, and are 19.8 percent below 5.46 million-unit pace in September 2006. The median existing single-family home price was \$210,200 in September, down 4.9 percent from a year ago.

Existing condominium and co-op sales fell 4.3 percent to a seasonally adjusted annual rate of 660,000 units in September from 690,000 in August, and are 14.7 percent below the 774,000-unit level in September 2006. The median existing condo price<sup>4</sup> was \$221,700 in September, up 1.4 percent from a year ago.

Regionally, existing-home sales in the South declined 6.0 percent in September to an annual pace of 2.05 million, and are 18.7 percent below a year ago. The median price in the South was \$174,400, down 5.5 percent from September 2006.

In the Midwest, existing-home sales dropped 7.0 percent to an annual rate of 1.19 million in September, and are 16.2 percent below September 2006. The median price in the Midwest was \$170,700, up 1.4 percent from a year ago.

Existing-home sales in the West fell 9.9 percent in September to a level of 910,000, and are 27.8 percent below a year ago. The median price in the West was \$308,900, which is 8.8 percent lower than September 2006.

In the Northeast, existing home sales dropped 10.0 percent to a pace of 900,000, and are 13.5 percent lower than September 2006. The median price in the Northeast was \$261,700, up 0.5 percent from a year ago.

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