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## Existing-Home Sales Down In June

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Existing-home sales – including single-family, townhomes, condominiums and co-ops – fell 2.6 percent to a seasonally adjusted annual rate<sup>1</sup> of 4.86 million units in June from a pace of 4.99 million in May, and are 15.5 percent lower than the 5.75 million-unit rate in June 2007.

NAR President Richard F. Gaylord, a broker with RE/MAX Real Estate Specialists in Long Beach, Calif., said there is something of a quandary in the current market. “A recent online survey of Realtors® shows nearly a quarter of potential home buyers are waiting on the sidelines,” he said. “However, timing the market can be very tricky, which is why home buyers should always have a long-term view to build wealth.”

Total housing inventory at the end of June rose 0.2 percent to 4.49 million existing homes available for sale, which represents an 11.1.-month supply<sup>2</sup> at the current sales pace, up from a 10.8-month supply in May.

Lawrence Yun, NAR chief economist, said first-time home buyers are critical to the health of the housing market. “About four in 10 homes are purchased by first-time buyers, which frees existing owners to trade up,” Yun said. “With many potential first-time home buyers on the sidelines, a first-time buyer tax credit would have a significant positive impact on both housing and the economy. Combined with permanent increases to mortgage loan limits and enhancing the FHA loan program, the housing stimulus package working its way through Congress would go a long way toward helping consumers and boosting the overall economy.”

The national median existing-home price<sup>3</sup> for all housing types was \$215,100 in June, down 6.1 percent from a year ago when the median was \$229,000.

Yun said there is a downward distortion in the price data. “With short sales and foreclosures accounting for approximately one-third of transactions, it’s hard to make an apples-to-apples comparison with a year ago when they were only a minor portion of the market,” he said.

Despite the overall sales decline, unpublished snapshot data shows existing-home sales rising significantly from a year ago in Bakersfield, Calif.; Fort Myers, Fla.; and Las Vegas.

“Sales are now beginning to pick up in Orlando, Fla., Phoenix, and Oakland, Calif.,” Yun said. “Interestingly, sales fell in Atlanta, Houston, and Kansas City, Mo., despite affordable home prices and solid local employment conditions.”

According to Freddie Mac, the national average commitment rate for a 30-year, conventional, fixed-rate mortgage rose to 6.32 percent in June from 6.04 percent in May; the rate was 6.66 percent in June 2007.

Single-family home sales declined 3.2 percent to a seasonally adjusted annual rate of 4.27 million in June from 4.41 million in May, and are 14.8 percent below the 5.01 million-unit pace in June 2007. The median existing single-family home price was \$213,800 in June, which is down 6.7 percent from a year ago.

Existing condominium and co-op sales rose 1.7 percent to a seasonally adjusted annual rate of 590,000 units in June from 580,000 in May, but are 19.7 percent below the 735,000-unit level a year ago. The median existing condo price<sup>4</sup> was \$224,200 in June, which is 2.2 percent lower than June 2007.

Regionally, existing-home sales in the West rose 1.0 percent in June to a pace of 1.03 million but are 6.4 percent lower than a year ago. The median price in the West was \$288,400, which is 17.2 percent below June 2007.

In the South, existing-home sales fell 3.1 percent to an annual rate of 1.85 million in June, and are 18.1 percent below June 2007. The median price in the South was \$185,300, down 2.4 percent from a year ago.

Existing-home sales in the Midwest declined 3.4 percent to an annual pace of 1.12 million in June, and are 17.6 percent below a year ago. The median price in the Midwest was \$175,300, up 2.8 percent from June 2007.

In the Northeast, existing-home sales fell 6.6 percent to an annual rate of 850,000 in June, and are 15.8 percent below June 2007. The median price in the Northeast was \$256,700, down 12.6 percent from June 2007.

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<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,

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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.

<sup>2</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. 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).

<sup>3</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 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.

<sup>4</sup>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 July will be released August 25, and the next Forecast/Pending Home Sales Index is scheduled for August 7.

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