

WASHINGTON (May 24, 2010)

Existing-home sales rose again in April with buyers motivated by the tax credit, improving consumer confidence and favorable affordability conditions, according to the National Association of Realtors®.

Existing-home sales¹, which are completed transactions that include single-family, townhomes, condominiums and co-ops, increased 7.6 percent to a seasonally adjusted annual rate of 5.77 million units in April from an upwardly revised 5.36 million in March, and are 22.8 percent higher than the 4.70 million-unit pace in April 2009. Monthly sales rose 7.0 percent in March.

Lawrence Yun, NAR chief economist, said the gain was widely anticipated. "The upswing in April existing-home sales was expected because of the tax credit inducement, and no doubt there will be some temporary fallback in the months immediately after it expires, but other factors also are supporting the market," he said. "For people who were on the sidelines, there's been a return of buyer confidence with stabilizing home prices, an improving economy and mortgage interest rates that remain historically low."

According to Freddie Mac, the national average commitment rate for a 30-year, conventional, fixed-rate mortgage rose to 5.10 percent in April from 4.97 percent in March; the rate was 4.91 percent in April 2009.

Total housing inventory at the end of April rose 11.5 percent to 4.04 million existing homes available for sale, which represents an 8.4-month supply² at the current sales pace, up from an 8.1-month supply in March. Raw unsold inventory is 2.7 percent above a year ago, but remains 11.6 percent below the record of 4.58 million in July 2008.

"Although inventory levels remain above normal and much of the gain last month was seasonal, the housing price correction appears essentially over," Yun said. "In fact, a majority of the markets have seen price gains recently. A return to old-fashioned responsible lending and buying will help the housing market avoid disruptive and painful bubble-bust cycles."

The national median existing-home price³ for all housing types was \$173,100 in April, up 4.0 percent from April 2009. Distressed homes accounted for 33 percent of sales last month, compared with 35 percent in March.

NAR President Vicki Cox Golder, owner of Vicki L. Cox & Associates in Tucson, Ariz., said buyer traffic is mixed. "It looks like the level of home sales that close in May and June will stay elevated, but many buyers remain in the market even without the tax credit," she said. "Some Realtors® tell us they are very busy with clients who are entering the market now as a result of improved conditions, while others are welcoming a slowdown from frantic market conditions in recent months."

"Buyers are focused on finding the right house and taking advantage of favorable affordability conditions. For many buyers, owning a home is

a lifestyle choice. They want a place of their own to raise a family, build memories, and be part of a larger community," Golder said.

A parallel NAR practitioner survey⁴ shows first-time buyers purchased 49 percent of homes in April, up from 44 percent in March. Investors accounted for 15 percent of transactions in April, down from 19 percent in March; the remaining sales were to repeat buyers. All-cash sales stood at 26 percent in April; they were 27 percent in March.

Single-family home sales rose 7.4 percent to a seasonally adjusted annual rate of 5.05 million in April from a pace of 4.70 million in March, and are 20.5 percent above the 4.19 million level in April 2009. The median existing single-family home price was \$173,400 in April, up 4.5 percent from a year ago.

Single-family median prices rose in 18 out of 20 metropolitan statistical areas reported in April from a year ago; six of the areas experienced double-digit increases. In data recently reported for the first quarter, 91 out of 152 metros saw price gains.

Existing condominium and co-op sales jumped 9.1 percent to a seasonally adjusted annual rate of 720,000 in April from 660,000 in March, and are 42.3 percent above the 506,000-unit pace in April 2009. The median existing condo price⁵ was \$171,000 in April, which is 0.6 percent below a year ago.

Regionally, existing-home sales in the Northeast surged 21.1 percent to an annual level of 1.09 million in April and are 41.6 percent higher than a year ago. The median price in the Northeast was \$243,000, up 2.1 percent from April 2009.

Existing-home sales in the Midwest rose 9.9 percent in April to a pace of 1.33 million and are 29.1 percent above a year ago. The median price in the Midwest was \$146,400, up 5.8 percent from April 2009.

In the South, existing-home sales increased 8.6 percent to an annual level of 2.14 million in April and are 23.0 percent higher than April 2009. The median price in the South was \$150,000, up 1.2 percent from a year ago.

Existing-home sales in the West fell 6.2 percent to an annual rate of 1.21 million in April but are 5.2 percent above a year ago. The median price in the West was \$212,400, up 3.8 percent from April 2009.

The National Association of Realtors®, "The Voice for Real Estate," is America's largest trade association, representing 1.1 million members involved in all aspects of the residential and commercial real estate industries.

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NOTE: NAR also reports monthly comparisons of existing single-family home sales and median prices for 20 select metropolitan statistical areas, which is posted with other tables at:

www.realtor.org/research/research/ehsdata. For information on areas

not included in the report, please contact the local association of Realtors®.

1) 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 to 90 percent of total home sales, are based on a much larger sample - more than 40 percent of multiple listing service data each month - and typically are not subject to large prior-month revisions.

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.

Single-family data collection began monthly in 1968, while condo data collection began quarterly in 1981; the series were combined in 1999 when monthly collection of condo data began. Prior to this period, single-family homes accounted for more than nine out of 10 purchases. Historic comparisons for total home sales prior to 1999 are based on monthly single-family sales, combined with the corresponding quarterly sales rate for condos.

2) 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 (prior to 1999, condos were measured quarterly while single-family sales accounted for more than 90 percent of transactions).

3) 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 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.

4) First-time buyer and distressed sales data are from the Realtors® Confidence Index.

5) Because there is a concentration of condos in high-cost metro areas, the national median condo price generally is higher than the median single-family price. In a given market area, condos typically cost less than single-family homes.

Existing-home sales for May will be released June 22. The next Pending Home Sales Index is scheduled for June 2; release times are 10 a.m. EDT.