Existing-home sales tick up 2.6% in June

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USA TODAY

Existing-home sales showed more vigor in June, climbing for the third straight month to their fastest annual pace since October.

Sales rose 2.6% to a seasonally adjusted annual rate of 5 million, the National Association of Realtors said Tuesday. May's rate was revised up to 4.91 million.

Nevertheless, sales still trail last year's, and the supply of homes for sale — while improved from May — remains tight, Realtors say.

Those factors are expected to contribute to weaker sales for 2014 — 4.9 million compared with 5.2 million last year, NAR forecasts.

Still, economists called the report encouraging. "Sales of single-family homes and condo/co-ops expanded simultaneously, and average prices rose throughout the country," said IHS Global Insight economists Patrick Newport and Stephanie Karol in a research note. "As in the past two months, stronger sales paired with rising prices cause inventories to expand, which sets the stage for another solid month to come."

The homes for sale inventory grew 2.2% to 2.3 million. That's a 5.5-month supply at last month's sales pace, unchanged from May. Realtors consider a six-month supply a balanced market.

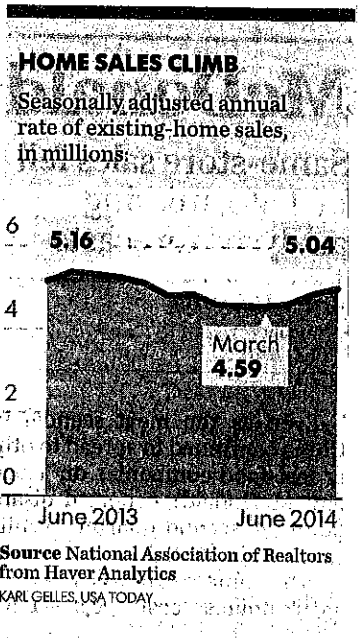
Prices are rising more slowly than a year ago, but a short supply of homes for sale — particularly in the West — is creating upward pressure on prices, said Lawrence Yun, the National Association of Realtors' chief economist. The median existing-home price for single-family homes, condos, townhouses and co-ops last month was $223,300, which is 4.3% above a year ago.

Yun estimates new-home construction needs to increase by 50% to restore supply and demand to a normal balance.

But buyers who have the money for a down payment and can qualify for a mortgage are still enjoying mortgage rates that are near historic lows.

Rates have been fairly steady since fall, and for the past several weeks they've been hovering below year-ago levels.

The average U.S. rate for a 30-year mortgage was 4.13% last week, down from 4.37% a year ago, Freddie Mac said.



Source National Association of Realtors from Haver Analytics

KARL GELLES, USA TODAY