BUSINESS

Home sales slip in December

Reason for drop is low number of houses for sale; prices go up from strong demand

By Julie Schmit
USA Today

Existing-home sales eased in December but tight supplies of homes for sale continued to drive prices up, the National Association of Realtors reported Tuesday.

Total existing home sales across the country declined 1 percent in December to a seasonally adjusted annual rate of 4.94 million from a downward revised 4.99 million in November. They were 12.8 percent above December 2011 levels.

Pent-up demand is sustaining the recovery in the market, which started to take hold last year, said Lawrence Yun, NAR chief economist.

"Record low mortgage interest rates clearly are helping many home buyers, but tight inventory and restrictive mortgage underwriting standards are limiting sales," he said.

The inventory of homes for sale continued to shrink, down to a 4.4-month supply in December based on the month's sales pace. That's down from 4.8 months in November and is the lowest level since May 2005.

Realtors consider a 6-month supply to be a balanced market between buyers and sellers.

Single-family home sales slipped 1.4 percent to a seasonally adjusted annual rate of 4.35 million in December from 4.41 million in November, but are 11.5 percent above the December 2011 pace, NAR said.

The median existing single-family home price was $180,300 in December, up almost 11 percent from a year ago.

Median prices are affected by the mix of homes sold and can go up or down depending on whether higher-priced homes make up more of the market.

Market researcher CoreLogic, which looks at data including repeat sales of like homes, said home prices in November were up 7.4 percent year over year.

Market researcher CoreLogic expects national home prices to rise 6 percent this year, on top of a 7.5 percent increase last year.

Yet the tight supply of homes for sale is a big concern in many markets where rapidly shrinking inventories are leading to multiple offers and higher prices.

In California, the supply of homes for sale in December fell to 2.6 months, down from 4.3 months a year earlier, the California Association of Realtors reported.