

Home sales reach highest level since '07 as prices surge

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Existing homes sold at the fastest pace in eight years last month and the median sales price reached a record high, the National Association of Realtors said Wednesday.

Sales increased 3.2% to a seasonally adjusted annual rate of 5.49 million in June. Economists had forecast sales at a 5.4 million annual rate, according to the median estimate of those surveyed by Bloomberg. May sales were revised down slightly to annual pace of 5.32 million.

Lawrence Yun, chief economist of the realtors group, pronounced this year's spring buying season the strongest since the economic downturn. "Buyers have come back in force, leading to the strongest past two months in sales since early 2007," he said.

Yun attributed the brisk sales to strong job growth, improved household finances and rising mortgage rates that are prodding Americans to buy now before rates climb further.

The median sales price of a previously owned home was \$236,400, 6.5% above the year-ago price and above the peak price set in July 2006.

Tight housing supplies pushed up prices. The crunch had been constraining sales but did not seem to pose a big obstacle last month. The inventory of unsold homes dipped to a five-month supply from 5.1 months in May. A six-month supply is generally considered balanced.

The skimpy stockpiles led to rapid sales. Homes were on the market for an average 34 days in June, down from 40 days in May and the shortest turnaround since the association began tracking the figure in 2011.

Higher prices should be prompting more homeowners to put their homes up for sale, fattening inventory. But many are waiting because low credit scores keep them from qualifying for a mortgage on a new house or their homes are still worth less than

Strong job growth, rising mortgage rates help spark 3.2% gain in June

HOME SALES, BY PRICE

Share of sales of existing U.S. single-family homes in June by price category:

\$0-100K
11.9%

\$100-250K
43.0%

\$250-500K
31.9%

\$500-750K
8.2%

\$750-1M
2.5%

\$1M+
2.5%

SOURCE National Association of Realtors

what they owe on their mortgages, IHS Global Insight said in a note to clients.

The resurgent home sales market could provide a spark to an economy that struggled through the first half of the year. Healthy sales further reduce supplies, leading to more home construction. That generates numerous jobs in building, manufacturing and other industries.

In June, the share of homes purchased by first-time buyers dipped to 30% from 32% in May after climbing recently, but it remains above the year-ago figure of 28%. Stronger job and income growth are spurring many young adults to move out on their own.

Single-family home sales increased 2.8%, and co-op and condominium sales jumped 6.6%.

Sales rose 4.3% in the Northeast, 4.7% in the Midwest, 2.5% in the West and 2.3% in the South.

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