Home sales soar 7.4 percent in November

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WASHINGTON — Home resales surged last month to the highest level in nearly three years, reflecting an extraordinary level of federal support that has pulled the housing market back from the worst downturn since the Great Depression.

Buyers were racing to complete their sales before the original expiration date of a tax credit for first-time buyers that was scheduled to expire Nov. 30. Last month, Congress decided to extend and expand the credit to ensure the housing market could sustain its recovery.

"Things are stabilizing," said Pete Flint, chief executive of real estate Web site Trulia.com. "There is a significant amount of buyer interest out there."

About 2 million homebuyers have taken advantage of the credit so far, the National Association of Realtors said Tuesday. The group forecasts that another 2.4 million will use it by the middle of next year. First-time buyers made up about half of all transactions last month, driving sales up 44 percent above last year's levels, a record jump.

"In the short run, its an effective stimulus," said John Ryding, chief economist at RDQ Economics. "If you give someone money to spend on something, they will spend it."

November's sales rose 7.4 percent to a seasonally adjusted annual rate of 6.54 million, from a downwardly revised pace of 6.09 million in October, the Realtors group said. It was the highest level since February 2007. Sales had been expected to rise to an annual pace of 6.25 million, according to economists surveyed by Thomson Reuters.

Sales are now up 46 percent from the bottom in January, but down 10 percent from the peak more than four years ago, The inventory of unsold homes on the market fell about 1 percent to 3.5 million. That's a healthy 6.5 month supply at the current sales pace, the lowest level in three years.

The median sales price was $172,600, down 4.3 percent from a year earlier, and up 0.2 percent from October.