October existing home sales surge 10.1 percent

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WASHINGTON — Home sales surged for the second month in a row in October, climbing to the highest level in 2½ years as first-time buyers rushed to take advantage of an expiring tax credit.

Home sales nationwide are now up nearly 37 percent from their bottom in January, data Monday showed, though they are still 16 percent below the peak in autumn 2005. At the current sales pace, there is only a 7-month supply of homes on the market and in some areas there are bidding wars.

Joey Wilson, 53, and her husband made unsuccessful offers on 20 Las Vegas homes since midsummer before closing on a four-bedroom, $136,000 home this month.

"It's insane," said Wilson, who relocated from Kentucky. "I've never seen a market like this before."

The National Association of Realtors said home resales rose 10.1 percent to a seasonally adjusted annual rate of 6.1 million in October, from a downwardly revised pace of 5.54 million in September. It was the biggest monthly increase in a decade, and far above the 5.65 million pace expected by economists, according to Thomson Reuters.

The recovery is being driven by lower prices combined with federal programs to lower mortgage rates and bring more buyers into the market. The median sales price was $173,100, down 7 percent from a year earlier and off roughly 2 percent from September.

Many experts predict prices will hit a new low next spring, perhaps falling another 5 to 10 percent, as more foreclosures get pushed onto the market.

The government has tried to counter that trend by offering a tax incentive for first-time buyers and by keeping mortgage rates