

Wednesday

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Pending home sales dip slightly in October

WASHINGTON (AP) — Pending U.S. home sales fell slightly in October, despite a spate of bad economic news and turmoil in the stock markets, the National Association of Realtors reported Tuesday.

around the country, the Realtors association noted that pending home sales are showing gains in some areas, including in Florida and California markets, Providence, R.I., Lansing, Mich., Oklahoma City and Las Vegas.

The pending home sales index posted annual declines in every region but the West, which saw a 17.4 percent increase.

Weiss Research Inc. analyst Mike Larson noted that government attempts to drive down mortgage rates are having some success. Rates have been below 6 percent in recent days.

“Lower prices in some of the hardest hit markets, and almost irresistible bargains on distressed properties, are also bringing some buyers out of the woodwork,” Weiss Research Inc. analyst Mike Larson said.

Separately, the Realtors association estimated U.S. existing home sales will total 4.96 million this year, compared to 5.65 million in 2007.

Prices are expected to fall more than 9 percent to a median of \$198,500.

Next year, sales are expected to increase to 5.19 million, and prices will edge up to a median of \$199,200.

Still, Lawrence Yun, chief economist for the NAR, said that projecting prices are tough in an ever changing economic environment with variables that differ by region.

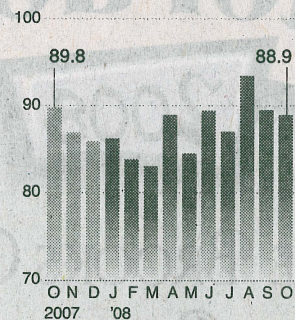
“The home price correction to date has brought prices in line with fundamentals, but buyer pessimism could cause prices to overshoot downward, resulting in further economic deterioration,” Yun said.

Looking ahead into 2009, the 30-year fixed-rate mortgage will probably be 5.6 percent in the first quarter, and rise to 6 percent by the end of 2009, the Realtors association reported.

Home sales decline

Pending home sales fell 0.7 percent in October.

Pending U.S. home sales index
Seasonally adjusted annual rate



SOURCE: National Association of Realtors AP

The group's seasonally adjusted index of pending sales for existing homes fell 0.7 percent from September to a reading of 88.9, beating economists' average estimate of 86.5, according to a survey by Thomson Reuters. The index was 1 percent below October a year ago.

Home sales have rebounded in recent months in large part because deeply discounted foreclosures and distressed sales account for up to 40 percent of all transactions, according to the Realtors group.

Home sales are considered pending when the seller has accepted an offer, but the deal has not yet closed. Typically there is a one- to two-month lag before a sale is completed.

An index reading of 100 is equal to the average level of sales activity in 2001, when the index started. It sunk to a record low of 83 in March.

While conditions are uneven