Realtors: Existing-home sales fall 1.9% for Sept.

Less inventory, higher prices play role in slowdown

By Julie Schmit
USA Today



Americans bought fewer existing homes in September than the previous month, held back by higher mortgage rates and rising prices, the National Association of Realtors said Monday. STEVEN SENNE/AP

Existing-home sales slipped in September as higher prices hurt affordability, the National Association of Realtors says.

Limited inventory continues to push up prices in much of the country, the association said Monday.

Home sales dropped 1.9 percent in September to a seasonally adjusted annual rate of 5.29 million from 5.39 million in August. They were still 10.7 percent above year-ago levels.

The decline was expected, said Lawrence Yun, NAR chief economist. With home prices up 12.4 percent in August from year-ago levels, affordability has fallen to a five-year low, especially given mostly flat incomes.

Though sales fell, the national median existing-home price for all housing types was $199,200 in September, up 11.7 percent from a year ago. Median prices can vary depending on the type of home sold.

Distressed homes — foreclosures and short sales — accounted for 14 percent of September sales compared with 24 percent a year ago. Lower levels in the share of distressed sales account for some of the growth in median price.

The shift away from distressed sales is a sign of recovery, said Trulia economist Jed Kolko.

Total housing inventory at the end of September was unchanged at 2.21 million homes. That represents a five-month supply compared with 4.9 months in August. In some markets, the inventory of homes for sale is much tighter, which is affecting sales.

The median time on market for all homes was 50 days in September, up from 43 days in August but much faster than the 70 days on market in September 2012.

The report comes amid other signs of slowing in the housing recovery.

Nationwide, home values were up 1.2 percent in the third quarter from the second, Zillow data show. That's down from a 2.5 percent jump in the second quarter from the first.

Higher interest rates, fewer investor buyers and more homes for sale are all contributing to smaller price gains, economists say.

Last week, 30-year fixed rate loans averaged 4.28 percent, up from 3.37 percent a year ago, Freddie Mac said.