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Existing-Home Sales Rise Again in January, Inventory Down

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Existing-home sales rose in January, marking three gains in the past four months, while inventories continued to improve, according to the [National Association of Realtors®](#) (</wps/wcm/connect/RO-Content/ro/home/index>).

Total [existing-home sales \(http://www.realtor.org/research/research/ehsdata\)](http://www.realtor.org/research/research/ehsdata)¹, which are completed transactions that include single-family homes, townhomes, condominiums and co-ops, increased 4.3 percent to a seasonally adjusted annual rate of 4.57 million in January from a downwardly revised 4.38 million-unit pace in December and are 0.7 percent above a spike to 4.54 million in January 2011.

[Lawrence Yun \(http://www.realtor.org/research/chief_economist_bio\)](http://www.realtor.org/research/chief_economist_bio), NAR chief economist, said strong gains in contract activity in recent months show buyers are responding to very favorable market conditions. “The uptrend in home sales is in line with all of the underlying fundamentals – pent-up household formation, record-low mortgage interest rates, bargain home prices, sustained job creation and rising rents.”

Total housing inventory at the end of January fell 0.4 percent to 2.31 million existing homes available for sale, which represents a 6.1-month supply² at the current sales pace, down from a 6.4-month supply in December.

“The broad inventory condition can be described as moving into a rough balance, not favoring buyers or sellers,” Yun said. “Foreclosure sales are moving swiftly with ready home buyers and investors competing in nearly all markets. A government proposal to turn bank-owned properties into rentals on a large scale does not appear to be needed at this time.”

Total unsold listed inventory has trended down from a record 4.04 million in July 2007, and is 20.6 percent below a year ago.

NAR President [Moe Veissi \(/wps/wcm/connect/RO-Content/ro/about_nar/fullbio_veissi\)](/wps/wcm/connect/RO-Content/ro/about_nar/fullbio_veissi), broker-owner of Veissi & Associates Inc., in Miami, said buying power is enticing more potential home buyers. “Word has been spreading about the record high housing affordability conditions and our members are reporting an increase in foot traffic compared with a year ago,” he said. “With other favorable market factors, these are hopeful indicators leading into the spring home-buying season. We’re cautiously optimistic that an uptrend will continue this year.”

According to Freddie Mac, the [national average commitment rate](http://www.freddiemac.com/pmms/pmms30.htm) (<http://www.freddiemac.com/pmms/pmms30.htm>) for a 30-year, conventional, fixed-rate mortgage was a record low 3.92 percent in January, down from 3.96 percent in December; the rate was 4.76 percent in January 2011; recordkeeping began in 1971.

The national median existing-home price³ for all housing types was \$154,700 in January, down 2.0 percent from January 2011. Distressed homes⁴ – foreclosures and short sales which sell at deep discounts – accounted for 35 percent of January sales (22 percent were foreclosures and 13 percent were short sales), up from 32 percent in December; they were 37 percent in January 2011.

“Home buyers over the past three years have had some of the lowest default rates in history,” Yun said. “Entering the market at a low point and buying at discounted prices have greatly helped in that success.”

All-cash sales were unchanged at 31 percent in January; they were 32 percent in January 2011. Investors account for the bulk of cash transactions.

Investors purchased 23 percent of homes in January, up from 21 percent in December; they were 23 percent in January 2011. First-time buyers rose to 33 percent of transactions in January from 31 percent in December; they were 29 percent in January 2011.

Forty-seven percent of NAR members report that contracts settled on time in January; 21 percent had delays and 33 percent experienced contract failures. Contract cancellations are unchanged from December but were only 9 percent in January 2011; they are caused largely by declined mortgage applications and failures in loan underwriting from appraisals coming in below the negotiated price.

Single-family home sales rose 3.8 percent to a seasonally adjusted annual rate of 4.05 million in January from 3.90 million in December, and are 2.3 percent above the 3.96 million-unit pace a year ago. The median existing single-family home price was \$154,400 in January, down 2.6 percent from January 2011.

Existing condominium and co-op sales increased 8.3 percent to a seasonally adjusted annual rate of 520,000 in January from 480,000 in December but are 10.3 percent lower than the 580,000-unit level in January 2011. The median existing condo price was \$156,600 in January, up 2.0 percent from a year ago.

Regionally, existing-home sales in the Northeast rose 3.4 percent to an annual pace of 600,000 in January and are 7.1 percent above a year ago. The median price in the Northeast was \$225,700, which is 4.2 percent below January 2011.

Existing-home sales in the Midwest increased 1.0 percent in January to a level of 980,000 and are 3.2 percent higher than January 2011. The median price in the Midwest was \$122,000, down 3.9 percent from a year ago.

In the South, existing-home sales rose 3.5 percent to an annual level of 1.76 million in January but are unchanged from a year ago. The median price in the South was \$134,800, which is 0.3 percent below January 2011.

Existing-home sales in the West jumped 8.8 percent to an annual pace of 1.23 million in January but are 3.1 percent below a spike in January 2011. The median price in the West was \$187,100, down 1.8 percent from a year ago.

The National Association of Realtors®, “The Voice for Real Estate,” is America’s largest trade association, representing 1 million members involved in all aspects of the residential and commercial real estate industries.

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NOTE: For local information, please contact the local association of Realtors® for data from local multiple listing services. Local MLS data is the most accurate source of sales and price information in specific areas, although there may be differences in reporting methodology.

¹Existing-home sales, which include single-family, townhomes, condominiums and co-ops, are based on transaction closings from multiple listing services. Changes in sales trends outside of MLSs are not captured in the monthly series. A rebenchmarking of home sales is done periodically using other sources to assess the overall home sales trend, including sales not reported by MLSs.

Existing-home sales differ from the U.S. Census Bureau’s series on new single-family home sales, which are based on contracts or the acceptance of a deposit. Because of these differences, it is not uncommon for each series to move in different directions in the same month. In addition, existing-home sales, which account for more than 90 percent of total home sales, are based on a much larger sample – about 40 percent of multiple listing service data each month – and typically are not subject to large prior-month revisions.

The annual rate for a particular month represents what the total number of actual sales for a year would be if the relative pace for that month were maintained for 12 consecutive months. Seasonally adjusted annual rates are used in reporting monthly data to factor out seasonal variations in resale activity. For example, home sales volume is normally higher in the summer than in the winter, primarily because of differences in the weather and family buying patterns. However, seasonal factors cannot compensate for abnormal weather patterns.

Single-family data collection began monthly in 1968, while condo data collection began quarterly in 1981; the series were combined in 1999 when monthly collection of condo data began. Prior to this period, single-family homes

accounted for more than nine out of 10 purchases. Historic comparisons for total home sales prior to 1999 are based on monthly single-family sales, combined with the corresponding quarterly sales rate for condos.

Also released today are annual data revisions. Each February, NAR Research incorporates a normal review of seasonal activity factors and fine-tunes historic data for the past three years based on the most recent findings. Revisions have been made to monthly seasonally adjusted annual sales rates for 2009 through 2011, as well as the inventory month's supply data; most revisions are minor with little or no impact on previous characterizations of the overall market. There are no revisions to monthly home prices or raw inventory data (beyond normal prior-month revisions).

²Total inventory and month's supply data are available back through 1999, while single-family inventory and month's supply are available back to 1982 (prior to 1999, condos were measured quarterly while single-family sales accounted for more than 90 percent of transactions).

³The only valid comparisons for median prices are with the same period a year earlier due to the seasonality in buying patterns. Month-to-month comparisons do not compensate for seasonal changes, especially for the timing of family buying patterns. Changes in the composition of sales can distort median price data. Year-ago median and mean prices sometimes are revised in an automated process if more data is received than was originally reported.

⁴Distressed sales (foreclosures and short sales), all-cash transactions, investors, first-time buyers and contract failures are from a monthly survey for the Realtors® Confidence Index, posted at Realtor.org.

The Pending Home Sales Index for January will be released February 27 and existing-home sales for February is scheduled for March 21. The Investment and Vacation Home Buyers Survey, covering transactions in 2011, will be released March 29; all release times are 10:00 a.m. ET.

Information about NAR is available at www.realtor.org (<http://www.realtor.org>). This and other news releases are posted in the News Media section. Statistical data in this release, other tables and surveys also may be found by clicking on Research.

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NAR Background

[Housing and Economic Statistics
\(/wps/wcm/connect/RO-Content/ro/research/research/reportsstatistics\)](http://www.realtor.org/wps/wcm/connect/RO-Content/ro/research/research/reportsstatistics)

[NAR Fact Sheet
\(http://www.realtor.org/PublicAffairsWeb.nsf/pages/NARF\)](http://www.realtor.org/PublicAffairsWeb.nsf/pages/NARF)

[NAR Officer Bios
\(http://www.realtor.org/about_nar/presidents_report/leader\)](http://www.realtor.org/about_nar/presidents_report/leader)

[NAR Meetings & Expo](http://www.realtor.org/meetings_and_expo/index.html)

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