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Home Resales Rise on Falling Prices

By [MAYA JACKSON RANDALL](#)

WASHINGTON -- Although prices continued to fall, existing-home sales climbed more than expected during September, marking the highest level of home sales activity in more than a year.

Home resales rose to a 5.18 million annual rate, a 5.5% increase from August's unrevised 4.91 million annual pace, the National Association of Realtors said Friday.

At the same time, the median home price was \$191,600 in September, down 9.0% from \$210,500 one year ago. That \$191,600 median price is the lowest since April 2004. The median price in August this year was \$203,100.

The home sales increase represents "a nice jump," said NAR economist Lawrence Yun. "Hopefully, this trend can continue."

Lenders have tightened their standards on home loans, contributing to the credit crunch that is restraining the U.S. economy. Those tighter standards have priced marginal buyers out of the market and made purchasing more difficult and costly for prime borrowers.

The September resales level was higher than Wall Street expectations of 4.97 million sales rate for previously owned homes. The drop in mortgage rates, after the government takeover of Fannie Mae and Freddie Mac, likely brought more buyers into the market in September.

The average 30-year mortgage rate fell to 6.04% in September from 6.48% in August, according to Freddie Mac.

Inventories of homes fell 1.6% at the end of September to 4.27 million available for sale, which represented a 9.9-month supply at the current sales pace. There was a 10.6-month supply at the end of August. This marks two consecutive monthly declines since inventories peaked in July.

Regionally, existing-home sales in September were mixed.

Sales rose 2.2% in the South, and fell 1.2% in the Northeast. Meanwhile, sales increased 4.4% in the Midwest and jumped 16.8% in the West.

Courtesy of JB Goodwin