



U.S. existing home sales rose in February

WASHINGTON (Reuters) – Sales of previously owned U.S. homes rose at their fastest pace in nearly six years in February, data showed on Monday, providing some good news for the recession hit-economy.

Sales rose 5.1 percent in February to a 4.72 million-unit annual rate, notching their largest gain since July 2003, the National Association of Realtors said, but about 45 percent of the sales were foreclosure or short-sale transactions.

Economists polled by Reuters were expecting home resales to slip to a 4.45 million-unit pace, from the 4.49 million rate initially reported for January.

"Our analysis shows that distressed homes typically are selling for 20 percent less than normal market price, and this naturally is drawing down the median price," said Lawrence Yun, NAR chief economist.

The median national home price declined 15.5 percent from a year ago to \$165,400, the second biggest decline on record.

"Lower prices coupled with very low interest rates and an \$8,000 tax credit are causing first-time home buyers to dive in," said Bill Emerson, chief executive officer of Quicken Loans in Livonia, Michigan.

"While it's good to see sales go up, it's more important to see inventories go down. When that happens, only then can you start to talk about a housing correction,"

The inventory of existing homes for sale rose 5.2 percent to 3.80 million from the 3.61 million overstock reported in January. That represented a **9.7 month supply** at the current sales pace, unchanged from January.

The housing market is at the core of the economic and financial meltdown that has triggered a collapse in asset prices, severely damaging household wealth. Stability in the housing market is seen as a key ingredient for the economy's recovery from a recession that started in December 2007.

Courtesy of JB Goodwin