

Median home prices fall in one-third of U.S. cities, group says

Third-quarter data underscore continuing problems in national market.

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WASHINGTON — Home prices fell in one-third of U.S. cities last quarter as stricter lending standards caused a 14 percent decline in sales nationwide.

Prices dropped in 54 of 150 metropolitan areas in the third quarter, and the median sales price tumbled 2 percent nationwide, the National Association of Realtors said Wednesday. There were 5.42 million single-family properties and condominiums sold, down from 6.29 million a year ago.

Declines in sales and prices signal that the housing slump that began in 2006 could extend into its third year.

The housing decline will reduce the U.S. gross domestic product growth to 2.1 percent in 2007 from 2.9 percent a year ago, according to Lawrence Yun, an economist for the Chicago-based trade group.

Trade group officials emphasized that the real estate market is not a national one and that conditions vary, sometimes dramatically, from market to market.

"Some metro areas are hot, while others are experiencing localized problems," Yun, the group's chief economist, said in a statement. "Home prices in the vast midsection of America, from the Appalachians to the Rockies, are affordable and, perhaps, even undervalued."

Ninety-three U.S. cities, including Austin, had price gains, and three were unchanged from a year ago, according to the report.

The U.S. median home price, the point at which half the homes sold for more and half for less, was \$220,800 in the third quarter, down from \$225,300 a year ago, the association said.

Palm Bay, Fla., had the biggest price decline in the third quarter, tumbling 12.4 percent from a year earlier. Sacramento, Calif., fell 10.5 percent, and Sarasota, Fla., dropped 10.4 percent.

The largest price increase was in Bismarck, N.D., up 15.1 percent from a year ago, followed by Salt Lake City, with a gain of 14.1 percent, and Yakima, Wash., up 13.6 percent.

Home sales fell in the District of Columbia and all the 48 U.S. states covered by the report.

Data were not available for New Hampshire and Idaho, the trade group said.

Nevada led the sales drop, with a decline of 35 percent from a year ago.

Florida fell 32 percent, followed by Arizona, down 31 percent.

The U.S. residential real estate market is faltering as rising foreclosures among subprime borrowers have pushed down prices and led to a record supply of unsold homes. Foreclosures among homeowners with subprime adjustable rate mortgages have reached a five-year high.

The collapse of the market for bonds backed by mortgages has spurred U.S. banks to take more than \$45 billion in write downs and tighten their lending standards. Fewer mortgages and falling prices have made it harder to refinance or sell.

The Texas housing scene

Single-family median home prices, and change from year ago in Texas metros.

Price Change

Beaumont-Port Arthur \$129,100 10.2%

Corpus Christi \$140,500 7.6%

Austin \$188,200 7.2%

San Antonio \$154,700 5.7%

El Paso \$135,800 4.5%

Houston \$155,800 2.0%

Dallas-Fort Worth \$146,800 -3.0%

Condominiums, national rankings

Median price % increase

from year ago

1) Bismarck, N.D. \$133,300 22.3%

2) Austin \$171,700 19.2%

3) Portland, Ore. \$210,200 14.9%

4) Dallas-Fort Worth \$134,900 14.5%

5) Salt Lake City \$162,500 12.1%

Source: National Association of Realtors

Courtesy of JB Goodwin