

Housing: Stuck and Staying Stuck

Inventories of Unsold Homes Are Swollen, but Anticipation of Further Price Declines Makes Buyers Scarce.

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Wall Street Journal

For months, home buyers and sellers have been stuck in a curious stalemate, with sellers reluctant to lower prices and buyers staying on the sidelines.

New data suggest the standoff eased slightly last month, as sales of existing, or previously owned, homes rose 7.6% from July's extremely low levels, according to figures released Thursday by the National Association of Realtors.

But while the housing market may have halted a slide that began in April after federal home-buyer tax credits expired, it still faces a long recovery, and buyers remain scarce. The August figures were the lowest for any month since 1997 except for July.

And while the number of unsold homes fell 0.6% in August to 3.98 million, it would still take 11.6 months at the current sales pace to clear the inventory. That's the second highest figure since the realtors' group began tracking the data in 1999, behind July's 12.5 months.

"The only way to sell a home in this environment is to drop the price," said John Burns, a housing consultant based in Irvine, Calif.

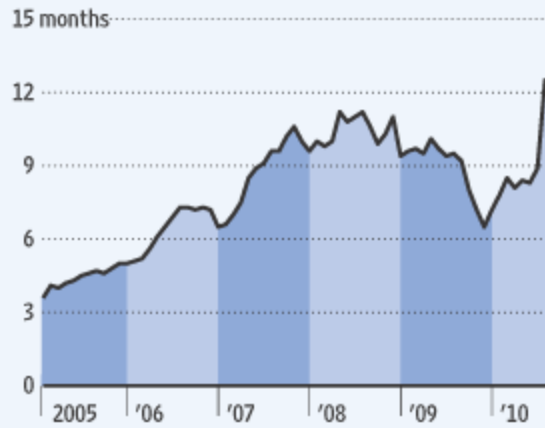
Courtesy of JB Goodwin

Buyers' Market

Weak demand and a high level of unsold homes could put renewed pressure on home prices

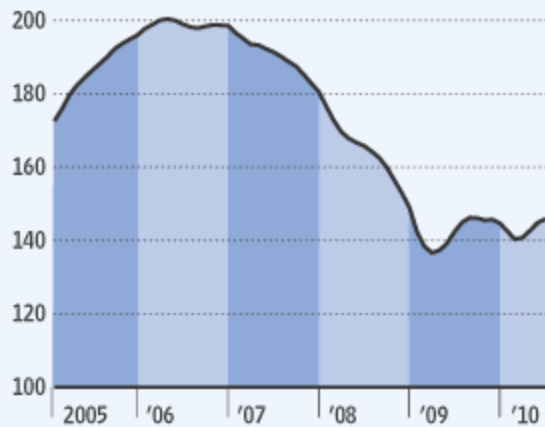
Months of Supply

How long it would take to sell down the inventory of existing homes at the current sales pace



Home-price index

An index tracking sales prices on the same properties over time. January 2000=100



Sources: National Association of Realtors; CoreLogic