

# Existing home sales in surprise jump

**Sales of existing homes in December rose 6.5% from November. But prices continued to fall, down over 15% from last year.**

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**NEW YORK (CNNMoney.com) -- The number of existing homes sold in December rose 6.5% from the previous month, according to a housing industry report released Monday.**

The National Association of Realtors said that home sales increased to a seasonally-adjusted, annualized rate of 4.74 million units. That's up from a revised 4.45 million units sold in November and more than the 4.4 million units projected by a consensus of industry analysts as reported by Briefing.com.

Still, December's existing home sales are down 3.5% compared with December of 2007, when the seasonally-adjusted, annual rate was 4.91 million. Existing homes include single family homes, townhomes, condominiums and co-ops.

**Thanks to the sales increase, the number of homes available on the market decreased 11.7% in December from the previous month, to 3.68 million. That represents a 9.3-month inventory supply at the current pace of sales, down from a 11.2-month supply in November.**

Bargain prices are bringing buyers back into the market. The median existing home price was down 15.3% to \$175,400 from December 2007, when the median price was \$207,000. The median price measures where half of the homes sold for more and half sold for less.

Home prices were pushed lower by the high volume of distressed sales, which accounted for 45% of December transactions according to the report.

"It appears some buyers are taking advantage of much lower home prices," said Lawrence Yun, NAR chief economist in a written statement. But he warned that the housing market is far from healthy.

"The higher monthly sales gain and falling inventory are steps in the right direction, but the market is still far from normal, balanced conditions," said Yun. "Buyers will continue to have an edge over sellers for the foreseeable future."

The number of homes sold nationwide was buoyed by a sales surge in the West, where the housing market has been hardest hit by plummeting home prices and a record number of foreclosures.

Existing home sales in the West surged 13.6% to an annual rate of 1.25 million in December, up 31.6% higher from a year ago. But the median price in the West was \$213,100, down 31.5% from December 2007.

For all of 2008, there were 4,912,000 homes sold, which was the lowest volume since 1997, when there were 4,371,000 homes sold. The 2008 sales volume was down 13.1% from the 5,652,000 existing homes sold in 2007.

The Obama administration is at work on an economic recovery plan, and Yun said that this will be critical to the revitalization of the housing industry.

"The Obama administration and Congress need to move fast to stimulate a spring sales upturn which will help to stabilize home prices and set the foundation for a sustainable economic recovery," Yun said in a statement.

**Courtesy of JB Goodwin**