

## Home sales fall 9.6% in Feb.; median price lowest in 9 years

By The Associated Press  
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WASHINGTON — Fewer Americans bought previously occupied homes in February and those who did purchased them at steep discounts. The weak sales and rise in foreclosures pushed home prices down to their lowest level in nearly nine years.

The National Association of Realtors said Monday that sales of previously occupied homes fell last month to a seasonally adjusted annual rate of 4.88 million. That's down 9.6% from 5.4 million in January. The pace is far below the 6 million homes a year that economists say represents a healthy market.

Nearly 40% of the sales last month were either foreclosures or short sales, when the seller accepts less than they owe on the mortgage.

One-third of all sales were purchased in cash — twice the rate from a year ago. In troubled housing markets such as [Las Vegas](#) and Miami, cash deals represent about half of sales.

**The median sales price fell 5.2% to \$156,100, the lowest level since April 2002.**

Millions of foreclosures have forced down home prices and more are expected this year. Tight credit has made mortgage loans tough to come by. And some potential buyers who could qualify for loans are hesitant to enter the market, worried that prices will fall further. High unemployment is also deterring buyers. Job growth, while expected to pick up this year, will not likely raise home sales to healthier levels.

New-home prices are now 45% higher than prices for previously occupied homes. A more normal difference is about 15%, an indication that old homes on the market are being sold at comparatively cheap, and affordable, levels.

**The number of first-time home-buyers rose to 34% of the market, partly because of rising rents. A more healthy level of first-time home-buyers is about 40%, according to the trade group.**

But home prices and sales are uneven across the country. In Miami, where prices have dropped 18.6% since last year, sales have skyrocketed 46.4% over the same period. In St. Louis, where prices rose 8.2% over the past year, sales have fallen 8.6%.

**One obstacle to a housing recovery is the glut of unsold homes on the market. Those numbers rose to 3.49 million units in February. It would take 8.6 months to clear them off the market at the February sales pace. Most analysts say a six-month supply represents a healthy supply of homes.**

Analysts said the situation is much worse when the “shadow inventory” of homes is taken into account. These are homes that are in the early stages of the foreclosure process but have not been put on the market yet for resale.

For February, sales fell in all four regions of the country, by 12.2% in the Midwest, 10.2% in the South, 8% in the West and 7.2% in the Northeast.

Sales of single-family homes fell 9.6% to an annual rate of 4.25 million units. Sales of condominiums fell 10% to a rate of 630,000 units.

**Courtesy of JB Goodwin**