

Condo Sales Stoke Existing Home Numbers

By: Jann Swanson | Fri, May 20 2016, 10:57 AM

The National Association of Realtors® (NAR) said today that existing home sales sustained their recent momentum into April and **rose 1.7 percent** compared to March. Completed transactions that include single-family homes, townhomes, condominiums and co-ops, sold at a seasonally adjusted annual rate of 5.45 million compared to 5.36 million in March. The March number was revised upward from 5.330 million giving sales two solid months of gains. Sales are now running 6.0 percent ahead of April 2015.

The level of sales was at the upper range of analysts' expectation, 5.350 million to 5.460 million. The consensus as reported by Econoday was 5.400 million.

It was **condo and co-op sales** that drive the monthly increase; single-family home sales increased only slightly, up 0.6 percent to a seasonally adjusted annual rate of 4.81 million in April from 4.78 million in March. Those sales are now 6.2 percent higher than the 4.53 million pace a year ago. Condo/co-op sales surged 10.3 percent to a seasonally adjusted annual rate of 640,000 units in April from 580,000 in March, and are now 4.9 percent above April 2015 (610,000 units).

Lawrence Yun, NAR chief economist, says April's sales increase signals slowly building momentum for the housing market this spring. "Primarily driven by a convincing jump in the **Midwest**, where home prices are most affordable, sales activity overall was at a healthy pace last month as very low mortgage rates and modest seasonal inventory gains encouraged more households to search for and close on a home." He noted that, with the exception of the West, "where supply shortages and stark price growth are hampering buyers the most - sales are meaningfully higher than a year ago in much of the country."

The **median price** of an existing home in April was \$232,500, **up 6.3 percent** from April 2015 (\$218,700). April's price increase marks the 50th consecutive month of year-over-year gains. Single-family properties had a median sales price of \$233,700, up 6.2 percent from the previous April. The median existing condo price was \$223,300, a 6.8 percent annual gain.

Inventories of existing homes for sale increased 9.2 percent in April to 2.14 million units but that number is still 3.6 percent lower than the 2.22 million homes available a year earlier. The inventory is estimated at a 4.7-month supply at the current rate of sales.

"The **temporary relief from mortgage rates** currently near three-year lows has helped preserve housing affordability this spring, but there's growing concern a number of buyers will be unable to find homes at affordable prices if wages don't rise and price growth doesn't slow," Yun said.

Properties typically stayed on the market for **39 days** in April, eight days fewer than in March and unchanged from April 2015. Short sales were on the market the longest at a median of 120 days, while foreclosures sold in 51 days and non-distressed homes took 37 days. Forty-five percent of homes sold in April were on the market for less than a month - the highest since June 2015 (47 percent).

"Looking ahead, with demand holding steady and supply levels still far from sufficient, the market for entry-level and mid-priced homes will likely continue to be the most competitive heading into the summer months," says Yun.

The share of **first-time buyers** was 32 percent in April, up from 30 percent both in March and a year ago. First-time buyers in all of 2015 also represented an average of 30 percent. Individual investors accounted for 13 percent of existing home sales, down from 14 percent in both March and in April 2015. Sixty-nine percent of investors paid cash for the homes they purchased and cash sales in total accounted for 24 percent of transactions.

Five percent of April's sales were **foreclosures** and 2 percent were short sales, down from an 8 percent total of distressed sales in March. Foreclosures sold for an average discount of 17 percent below market value in April (16 percent in March), while short sales were discounted 10 percent (unchanged from March).

At an NAR convocation last week U.S. Housing and Urban Development Secretary Julian Castro announced changes to **FHA condo rules**, which are currently at the Office of Management and Budget for review. NAR President Tom Salome said that Secretary Castro's news about the rule changes was warmly received by Realtors. "To ensure that purchasing a condo increasingly becomes a viable and affordable option for first-time buyers, NAR supports the ongoing efforts to eliminate unnecessary barriers holding back condo sales. We hope that progress on this condo rule means we'll see some much-needed changes in the near future."

April existing-home sales in the **Northeast** climbed 2.8 percent to an annual rate of 740,000, and are now 17.5 percent above a year ago. The median price in the Northeast was \$263,600, which is 4.1 percent above April 2015.

Sales soared 12.1 percent in the **Midwest** to an annual rate of 1.39 million in April, and were also 12.1 percent higher than a year earlier.

The median price in the Midwest rose 7.7 percent year-over-year to \$184,200.

Existing-home sales in the **South** declined 2.7 percent to an annual rate of 2.19 million in April, but are still 4.3 percent above April 2015. The median price in the South was \$202,800, a 6.5 percent annual gain.

Existing-home sales in the **West** decreased 1.7 percent to an annual rate of 1.13 million in April, and are 3.4 percent lower than a year ago. The median price in the West was \$335,000, which is 6.5 percent above April 2015.

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