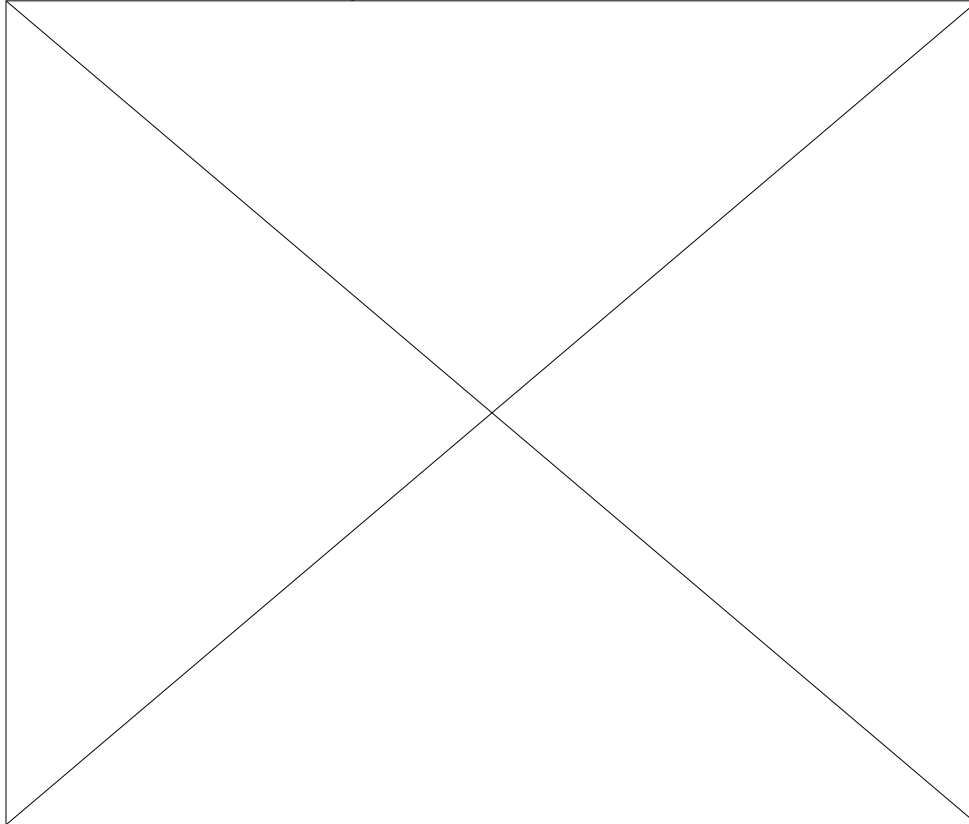




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## Home Sales Spike in July

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WASHINGTON (August 21, 2013) – Existing-home sales rose strongly in July, with the median price maintaining double-digit year-over-year increases, according to the National Association of Realtors®. Total [existing-home sales](#)<sup>1</sup>, which are completed transactions that include single-family homes, townhomes, condominiums and co-ops, increased 6.5 percent to a seasonally adjusted annual rate of 5.39 million in July from a downwardly revised 5.06 million in June, and are 17.2 percent above the 4.60 million-unit pace in July 2012; sales have remained above year-ago levels for 25 months.

[Lawrence Yun](#), NAR chief economist, said changes in affordability are impacting the market. “Mortgage interest rates are at the highest level in two years, pushing some buyers off the sidelines,” he said. “The initial rise in interest rates provided strong incentive for closing deals. However, further rate increases will diminish the pool of eligible buyers.”

Despite higher mortgage interest rates, Yun identified compensating factors that can sustain a continued recovery. “Although housing affordability conditions will become less attractive, jobs are being added to the economy, and mortgage underwriting standards should normalize over time from current stringent conditions as default rates fall.”

According to Freddie Mac, the [national average commitment rate](#) for a 30-year, conventional, fixed-rate mortgage rose to 4.37 percent in July from 4.07 percent in June, and is the highest since July 2011 when it was 4.55 percent; the rate was 3.55 percent in July 2012.

Total housing inventory at the end of July rose 5.6 percent to 2.28 million existing homes available for sale, which represents a 5.1-month supply<sup>2</sup> at the current sales pace, unchanged from June. Listed inventory is 5.0 percent below a year ago, when there was a 6.3-month supply. "Tight inventory in many areas means above-normal price growth for the foreseeable future," Yun said.

The national median existing-home price<sup>3</sup> for all housing types was \$213,500 in July, which is 13.7 percent above July 2012. This marks 17 consecutive months of year-over-year price increases, which last occurred from January 2005 to May 2006.

The median price has risen at double-digit rates for the past eight months, and is now 7.3 percent below the all-time record of \$230,400 in July 2006. Two years ago, the median price was 25.7 percent below the peak.

Distressed homes<sup>4</sup> – foreclosures and short sales – accounted for 15 percent of July sales, the same as in June and matching the lowest share since monthly tracking began in October 2008; they were 24 percent in July 2012. Continuing declines in the share of distressed sales account for some of the price gain.

Nine percent of July sales were foreclosures, and 6 percent were short sales. Foreclosures sold for an average discount of 16 percent below market value in July, while short sales were discounted 12 percent. The median time on market for all homes was 42 days in July, up from 37 days in June, but is 39 percent faster than the 69 days on market in July 2012. Short sales were on the market for a median of 72 days, while foreclosures typically sold in 50 days and non-distressed homes took 40 days. Forty-five percent of homes sold in July were on the market for less than a month.

Data from [realtor.com](#),<sup>5</sup> NAR's listing site, shows the tightest inventory conditions, reported as median age of inventory, are in Oakland, Calif., 20 days; Denver, 31 days; and the Seattle area, 36 days.

First-time buyers accounted for 29 percent of purchases in July, unchanged from June, but are down from 34 percent in July 2012.

All-cash sales comprised 31 percent of transactions in July, the same as in June; they were 27 percent in July 2012. Individual investors, who account for many cash sales, purchased 16 percent of homes in July, down from 17 percent in June; they reached a cyclical peak of 22 percent in February of this year.

NAR President [Gary Thomas](#), broker-owner of Evergreen Realty in Villa Park, Calif., said more repeat buyers are using cash. "The overall percentage of cash purchases has been fairly steady, as has the share of first-time buyers, but the investor share has been trending down since February. This means more repeat buyers are using cash in this tight-credit environment," he said. "With a steady decline in lower priced inventory, particularly in foreclosures, investors are finding fewer bargains to buy."

Single-family home sales rose 6.3 percent to a seasonally adjusted annual rate of 4.76 million in July from 4.48 million in June, and are 16.4 percent higher than the 4.09 million-unit level in July 2012. The median existing single-family home price was \$214,000 in July, up 13.5 percent from a year ago.

Existing condominium and co-op sales increased 8.6 percent to an annual rate of 630,000 units in July from 580,000 in June, and are 23.5 percent above the 510,000-unit pace a year ago. The median existing condo price was \$209,600 in July, which is 15.5 percent higher than July 2012.

Regionally, existing-home sales in the Northeast surged 12.7 percent to an annual rate of 710,000 in July and are 20.3 percent above July 2012. The median price in the Northeast was \$271,200, up 6.7 percent from a year ago.

Existing-home sales in the Midwest rose 5.8 percent in July to a pace of 1.28 million, and are 20.8 percent higher than a year ago. The median price in the Midwest was \$168,300, which is 9.5 percent above July 2012.

In the South, existing-home sales increased 5.0 percent to an annual level of 2.11 million in July and are 16.6 percent above July 2012. The median price in the South was \$183,400, up 13.6 percent from a year ago.

Existing-home sales in the West rose 6.6 percent to a pace of 1.29 million in July and are 13.2 percent higher than a year ago. The median price in the West, driven the most by a supply imbalance, was \$287,500, which is 19.2 percent above July 2012.

The National Association of Realtors®, “The Voice for Real Estate,” is America’s largest trade association, representing 1 million members involved in all aspects of the residential and commercial real estate industries. For additional commentary and consumer information, visit [www.houselogic.com](http://www.houselogic.com) and <http://retradio.com>.

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NOTE: For local information, please contact the local association of Realtors® for data from local multiple listing services. Local MLS data is the most accurate source of sales and price information in specific areas, although there may be differences in reporting methodology.

<sup>1</sup>Existing-home sales, which include single-family, townhomes, condominiums and co-ops, are based on transaction closings from Multiple Listing Services. Changes in sales trends outside of MLSs are not captured in the monthly series. NAR rebenchmarks home sales periodically using other sources to assess overall home sales trends, including sales not reported by MLSs.

Existing-home sales, based on closings, differ from the U.S. Census Bureau’s series on new single-family home sales, which are based on contracts or the acceptance of a deposit. Because of these differences, it is not uncommon for each series to move in different directions in the same month. In addition, existing-home sales, which account for more than 90 percent of total home sales, are based on a much larger data sample – about 40 percent of multiple listing service data each month – and typically are not subject to large prior-month revisions.

The annual rate for a particular month represents what the total number of actual sales for a year would be if the relative pace for that month were maintained for 12 consecutive months. Seasonally adjusted annual rates are used in reporting monthly data to factor out seasonal variations in resale activity. For example, home sales volume is normally higher in the summer than in the winter, primarily because of differences in the weather and family buying patterns. However, seasonal factors cannot compensate for abnormal weather patterns.

Single-family data collection began monthly in 1968, while condo data collection began quarterly in 1981; the series were combined in 1999 when monthly collection of condo data began. Prior to this period, single-family homes accounted for more than nine out of 10 purchases. Historic comparisons for total home sales prior to 1999 are based on monthly single-family sales, combined with the corresponding quarterly sales rate for condos.

<sup>2</sup>Total inventory and month’s supply data are available back through 1999, while single-family inventory and month’s supply are available back to 1982 (prior to 1999, single-family sales accounted for more than 90 percent of transactions and condos were measured only on a quarterly basis).

<sup>3</sup>The median price is where half sold for more and half sold for less; medians are more typical of market conditions than average prices, which are skewed higher by a relatively small share of upper-end transactions. The only valid comparisons for median prices are with the same period a year earlier due to a seasonality in buying patterns. Month-to-month comparisons do not compensate for seasonal changes, especially for the timing of family buying patterns. Changes in the composition of sales can distort median price data. Year-ago median and mean prices sometimes are revised in an automated process if additional data is received.

The national median condo/co-op price often is higher than the median single-family home price because condos are concentrated in higher-cost housing markets. However, in a given area, single-family homes typically sell for more than condos as seen in NAR’s quarterly metro area price reports.

<sup>4</sup>Distressed sales (foreclosures and short sales), days on market, first-time buyers, all-cash transactions, investors and previously underwater homeowners are from a monthly survey for the NAR’s [Realtors® Confidence Index](#), posted at [Realtor.org](http://Realtor.org).

<sup>5</sup>Realtor.com, NAR’s listing site, posts metro area median listing price and inventory data at: <http://www.realtor.com/data-portal/Real-Estate-Statistics.aspx>.

The Pending Home Sales Index for July will be released August 28 and existing-home sales for August is scheduled for September 19. The quarterly commercial real estate forecast and market report will be released August 26; release times are 10:00 a.m. EDT.