

Existing Home Sales Dropped in January

Existing home sales dropped to an annualized pace of 4.49 million units in January—a new cycle low. An estimated 45 percent of sales were “distressed” properties; these foreclosure or near-foreclosure sales are hammering prices. The median home sales price declined 3.1 percent in January.

Sales Down, but Month of January Not as Critical

- While we hit a new cycle low for existing home sales, January closings represent home buyers who likely looked for a home between Thanksgiving and the New Year, a slow period.
- Both single family homes and condos are suffering substantial price declines as homes that are in or near foreclosure are unloaded at lower prices.

Hope on the Horizon?

- As home prices continue to come down and mortgage rates remain at historically low levels, housing is becoming increasingly affordable. This could help support a bottom in existing home sales which we see forming later this year.
- Pending home sales have snapped back, suggesting that demand is finding some level of support.

