

April 23, 2009

Existing Home Sales Slid in March

Sales of existing homes slid to a pace of 4.57M units at an annual rate in March, down 3.0 percent from the previous month. Sales declines were apparent in both single- and multi-family segments. The portion of sales that were from distressed properties jumped up to 50 percent. Clearly foreclosure activity is driving the marketplace.

Sales Down but Range Bound

- Sales continued to hold a range of about 4.50-4.75M units for the fifth straight month as potential buyers remained on the sideline except in the distressed market. Buyers are clearly looking for 'bargains' if they are looking at all.
- Single-family activity has moved largely sideways over the past few months as well, dropping 2.8 percent to a pace of 4.1M units in March.

Inventory and Rates Lower

- Inventory ticked lower to 3.74M units, but remained extremely elevated. We will need to see continued progress here before the market is able to stabilize.
- Mortgage rates continued to fall through the first three months of the year. Purchase decisions were likely made in late January or early February for March sales. Rates below five percent in early April should help in coming months.

