

Existing Home Sales Rose Modestly in May

Sales of existing homes rose to 4.77M units at an annual rate in May, as the portion of distressed sales retreated. Distressed or foreclosure-related sales accounted for "just" 33 percent of activity on the month, a notable decrease from recent months when it reached nearly half of all sales. Still the housing market remains under pressure.

Sales Move Slightly Higher

- Sales moved higher in May, but remain roughly within a range that has held since late last year. On trend, existing sales have likely bottomed, but with the economy still in rough shape, we are not expecting a near-term rebound.
- Median and average prices ticked higher on the month, but with inventory remaining high and distressed activity still affecting the marketplace, pressure on prices will continue.

Inventory Levels Still High

- Inventory levels showed improvement, but are still well above what we would consider "normal" or "equilibrium" levels.
- The lower level of distressed activity in the market place is encouraging, but still roughly a third of all transactions are distressed. With foreclosures continuing to rise on trend we would expect distressed properties will continue to come to market through this year and into next.

