

HOME SALES SHOW STRONG IMPROVEMENT IN DECEMBER

December 2008 housing sales show surprising strength compared to November results with every region reporting increased sales compared to the year ago period. Prices continue to be under pressure however as the national average price declines 14.4 percent from a year ago.

January 16, 2009 – Denver, CO – Home sales decreased only 3.6 percent in December 2008 over December 2007 compared to a decrease of 20.5 percent from November 2008 to November 2007 indicating that the “slippery bottom” described in previous reports is alive and well. While one month of improvement does not signal the end of the housing recession, it does indicate that despite the gloomy economic environment housing shows signs of stabilizing.

Several regions showed significant improvement over November results. The West region reported that transactions were up 33.1 percent from December 2007 to December 2008 compared to a rise of only 9.4 percent from November 2007 to November 2008. The Midwest reported that sales were down only 8.7 percent in December versus 25.7 percent in November, the South reported transactions down 12.5 percent versus down 30.4 percent on the same basis and the Northeast was down 18.8 percent versus 27.4 percent.

Prices for sales nationally were off 14.4 percent from December 2007 to December 2008; the best region for prices was the Northeast where prices have fallen only 8.7 percent from the same month a year ago while the West had the largest average decline with the average price down 28.9 percent from December 2007; Both the South and Midwest regions reported price declines similar to that seen in earlier months.

“December 2008 results show that despite the downbeat news from the economy, housing is showing signs of stability relative the rest of the economy. Lower priced housing and record low interest rates are creating significantly better affordability in almost all markets and the leveling off of the decrease in prices across the country indicates that the worst may well be behind at this time,” said Steve Murray, editor of *REAL Trends*. “Due to substantial weakening of written business in many markets, particularly in the Northeast, in the fourth quarter may depress sales in the first quarter, other markets in the West continue to show signs of continued increases in housing sales. The decline of the average price of sold homes shows that entry level priced homes are turning over the best while activity at the high end of markets remains somewhat weaker.

Murray points out that consumers and investors continue to buy up significant numbers of lower priced foreclosures according to brokerage firms and sales professionals. “Any strong housing turnaround will start with recovery with entry level buyers. The recovery in closings in California, Arizona, Nevada and Colorado is due to sales of lower priced homes and is a signal that Americans continue to see housing as a good investment at the right price.”

SUMMARY TABLE:

REAL Trends Housing Market Report

	December 2008		November 2008	
	Closed Sales	AVG Price	Closed Sales	AVG Price
National	-3.6%	-14.4%	-20.5%	-11.4%
Regional Report				
Northeast	-18.8%	-8.7%	-27.4%	- 7.0%
South	-12.5%	-11.0%	-30.4%	-11.4%
Midwest	-8.7%	-11.9%	-25.7%	-8.6%
West	+33.1	-28.9%	+9.4	-25.6%