

REAL Trends Housing Market Report – July 2010

Nation records its 10th month in a row of growing housing sales and increasing prices

June housing sales were up for the 10th month in a row as closed units were up 11.4 percent over June 2009 while prices climbed 8.8 percent for same period. All regions of the country were up in both units closed and average prices. The continued impact of the tax credit and low interest rates are the main reasons.

June 2010 housing unit sales were up 28.3 percent over June 2009 in the Northeast, the strongest results for any region for the sixth consecutive month. The Midwest and South rose an identical 8.5 percent while in the West region unit sales were up 11.4 percent.

Prices were up in every region. The West region had the largest increase in average prices of homes sold with an increase of 10.9 percent in June 2010 over June 2009 while the Northeast was up 10.8 percent. The region with the weakest price increase was the South with an increase of 0.9 percent in average sales price comparing June 2010 with June 2009.

“The market is reacting as most expected. With a huge number of contracts written before April 30 to take advantage of the tax credit for homebuyers and closings that must take place prior to June 30 to qualify, industry experts expected that May and June 2010 closings would be higher than normal.” said Steve Murray, editor of the REAL Trends Housing Market Report. “While the increase from June 2009 to June 2010 was expected, it was encouraging to see prices continue to show signs of strength. Reports received this far however indicate that the increases of the last 10 months are about to end. Written contracts in May and June, after the deadline to be eligible for the tax credits, are down measurably in almost all markets, some significantly so.

Based on estimates of May and June written contracts, however, we expect that third and fourth quarter 2010 closings will be less than the first two quarters of 2010 and may well be lower than the closed units in the last two quarters of 2009.

The increase in housing sales is the 10th month in a row where housing sales for the present month were above the same month from the prior year. And price increases just hit their 7th month in a row on the same basis. We expect housing sales for the year to be above the level of 2009 in the range of 4-7 percent even with a decline in this year's second half. Home prices will continue to strengthen for at least the next three months but may level out thereafter. The upper end of most housing markets remains soft at this time with no significant recovery at this time.

