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Condos Fuel Rise In Existing-Home Sales

By **KEMBA J. DUNHAM**

Staff Reporter of The Wall Street Journal

From [The Wall Street Journal Online](#)

Home sales rocketed to new highs last month, led by America's insatiable appetite for condominiums.

The National Association of Realtors said sales of existing, or previously owned, homes rose 2.7% in June from a month earlier to a seasonally adjusted annual rate of 7.33 million units, the fastest pace on record. The previous record was 7.18 million, set in April.

Sales rose for all types of homes in all regions of the U.S., but the star performers were condos and cooperatives, where the sales pace has been running twice as fast as for single-family homes. The trade group's report said sales of condos rose 4.5% in June to a seasonally adjusted annual rate of 960,000 units, the fourth consecutive month that sales of condos hit a record.

Sales of single-family homes rose 2.4% to a seasonally adjusted annual rate of 6.37 million, also a record.

During the second quarter, condo sales were up about 37% on an annualized basis, compared with 22% for single-family homes.

Prices for condos also are higher than and are rising faster than prices for single-family homes. Last year, the nationwide median price of a condo was \$193,600, up 17% from the previous year, according to the group. The median price of a single-family home was \$184,100, up 8.3% from the previous year.

In June, the national median existing-home price for all housing types was \$219,000, up 14.7% from a year earlier. The June rise was the strongest increase since November 1980, when year-over-year price appreciation was 15.6%. The median price of a condo was \$223,500 last month, up 14.8% from a year earlier. Median means that half of the homes sold for more and half sold for less. David Lereah, the Realtors association's chief economist, attributed the strength in condo sales to empty nesters who are downsizing from larger single-family homes and young professionals who might have rented in previous years but now are tending to buy instead of rent. The jump in condo sales and prices also reflects investor purchases, he said, as well as interest-only loans being used to finance many condos. "That worries me, because I'm not that comfortable with the stability of interest-only loans," he added.

Condo sales are strong nationwide and have reached frenzied levels in Miami, Las Vegas and San Diego. There is some concern that these markets could peak soon, just as developers are adding lots of new supply to the market. In Chicago, for instance, some condo developers have reported slower-than-expected sales in recent months because buyers have so many choices.

As inventories rise, economists expect home-price appreciation to begin to slow. Total housing inventory levels rose 3.8% at the end of June to 2.65 million existing homes, which represents a 4.3-month supply at the current sales pace. The supply of homes on the market has been inching up since January's record low of 3.8 months, but is still relatively low.

"We don't want to see this measure going up too much, but I would be more concerned if we start to see the

month supply of new homes going up as opposed to existing homes," said J.P. Morgan Chase economist Haseeb Ahmed. "You can't just take new homes off the market."

Mr. Lereah of the Realtors group said he expects home sales to remain robust in the second half. "There's a lot of momentum right now, with all the major housing measures going strong," he said. "There will be signs of a slowdown only if mortgage rates go up."

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