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## IN FOCUS *Real Estate & Economic Commentary*

### NOVEMBER EXISTING HOUSING STATS AT A GLANCE

Existing Home Sales Volume  
5.04 million units (SAAR)  
Median Price \$180,600

SFR Detached 4.44 million units  
Median Price \$180,600

First Time Buyers 1.5 million units  
30% of Total Sales

Cash Purchases  
1.5 million units  
30% of Total | 19% Investors

Distress Sales 1.1 million units  
22 % of Total Sales  
12% Foreclosures  
10% Short Sales

Distress Gap—Foreclosure 20%  
Distress Gap—Short Sale 16%

Months of Existing Home  
Inventory 4.8

Median Time On Market 70 Days  
SOURCE: NAR



The author is Senior Director,  
Economic and Consulting  
Services at Focus Valuation  
Advisors in Orlando, Florida.  
Contact Mr. Pittenger at  
Bill.pittenger@focusvaluation.net

Visit Focus Valuation Advisors on  
the web at:



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## Existing Home Sales & Price Rise In November

*Housing Recovery Solidly In Place But Renewed Boom Not Likely*

December 20, 2012 | By William L. Pittenger, MAI, SRA

**Existing home sales** in November rose solidly to 5.04 million units from the downwardly revised October total of 4.76 million units. Data are from the National Association of Realtors (NAR) and totals are at a seasonally adjusted annual rate. The November increase represents a 5.09% gain or 264,000 more sales. Similarly, sales are up over the year, by 14.5% or 640,000 units. The reported median price for all 1-4 family housing types including single family detached homes as well as condominium, townhouse and co-op units was \$180,600. That is up 10.1% over the year. The median price was identical for the single family detached sector. Sales are now at their highest level since November 2009 when sales surged to 5.44 million units then retreated significantly. Moreover, November was the ninth consecutive monthly year over year price gain. The last time there was a similar gain was from September 2005 through May 2006 near the end of last decade's boom years.

Looking behind the numbers, **First time homebuyers** accounted for about 1.5 million purchases or 30% of the annualized total. The ratio was 31% in October and 35% a year ago. **All cash sales** totaled 1.5 million units or about 30% of all sales. That is up fractionally from 29% a month ago. Investors dominated the cash buyer category with 19% of all homes sold during the month.

Total **inventory** fell 3.8% to 2.03 million units at the end of November. That is the lowest since boom year 2005. Raw unsold inventory is only about 1.89 million units, the lowest it has been since December 2001. Total inventory is a 4.8 month supply at the current sales pace and is the lowest recorded inventory since September 2005 when it stood at 4.6 months. Inventories have been contracting for several months and that has led to shortages in certain markets and has been putting upward pressure on prices in those areas. Listed inventory is also down 22.5% from its year ago levels. The average time on the market was just 70 days in November. Despite the increase in activity, the housing market is now in its Winter slow season and many potential sellers have taken their property off the market for the season. That too is reducing inventory and putting upward pressure on prices. Nevertheless, the inventory condition requires careful monitoring as supply shortages are beginning to appear and they are pushing up the median price in some areas. In the west, for example, where the shortage is most evident, the median price rose 23.9% year-over-year to a median price of \$248,300. Sales volume rose 4.4% over the year to 1.19 million units.

**Distress sales**, which includes foreclosures and short sales, declined slightly to 1.1 million units or 22% of all sale transactions. The breakdown was divided between 12% foreclosure and 10% short sale. Foreclosures sold for about 20% less than an otherwise comparable but non-distressed home while short sales sold at an average price of 16% less. These gaps changed only modestly over the month.

**Super Storm Sandy** appears to have had only a modest impact on sales in the Northeast. The disruption it caused in the directly impacted areas was more than offset by gains in other areas of the Northeast. Nevertheless, the storm impacted a very broad area encompassing around 16% of the nation's housing stock and 10.1% of the nation's households. The impacted area also represents about 13.2% of the nation's GDP.

**Current condition and outlook.** In a [commentary last May](#), we opined that housing had reached a bottom. We also opined that a renewed boom era was not imminent and that housing would experience ups and downs within a fairly narrow range. Indeed it has. While housing is recovering, it is still a work in progress. In our view the recovery is sustainable but we also caution that it is not yet functioning normally. We expect more short term fluctuations until long absent equilibrium returns to the market. That will depend heavily on employment returning to normal. Our outlook for housing remains one of ["guarded optimism."](#)