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(RESIDENTIAL RESALE STATISTICS June 2008)

## Rising sales, falling prices; makes for a June market

Triple-digit temperatures welcome Sacramento to summer while the increase in home sales shows a welcome increase of activity in the Sacramento residential resale market. Repeating last month's trend of continued growth, June marks the sixth continuous month of increased home sales. The following information, compiled by the Sacramento Association of REALTORS®, is collected from the MetroList® multiple listing service and includes data covering Sacramento County and the City of West Sacramento.

By the end of June, closed escrows reached home sales last seen in September 2003, a healthy increase from the dismal market all last year where monthly sales consistently fell short of 1,000 units in all but one of the months. The 1,883 closed escrows in June marked a 13.8% increase over May's 1,654 units. When compared to the same month last year, June 2008 shows a huge, 95.1% increase over the 965 units sold in June 2007. Also following the increase in sales is the number of bank-owned properties sold. According to MetroList®, over 1,260 of the 1,883 properties sold this month were listed as "REO," making up over 67% of all transactions this month.

As the volume of REO homes sold steadily increases, the median home price of some regions is expected to decrease, affecting the median price as a whole. The month of June shows a Sacramento median home sales price of \$220,000, a figure 4.5% below the May median sales price of \$230,250. When compared to the same month one year ago, the June 2008 median sales price reflects a 35.3% decrease from the \$339,950 median price of June 2007. New listings for June 2008 totaled 2,508, an 8% increase over May's 2,262. After months of declining inventory, June reflects a 6.5% increase in the total listing inventory, showing 8,414 listings compared with May's 7,902 listings.

Activity in the current market is reminiscent of recent years past. "This flurry of sales, caused by a surplus of competitively-priced, bank-owned homes, is similar to the levels seen in 2005. The Sacramento market is on the verge of breaking the 2,000 unit/month level, something last seen during the 'booming' years of 2004 and 2005," notes 2008 Association President Alan Wagner. "The current median sales price, on the other hand, reflects median prices of early 2003. This market, albeit laced with stringent under-writing standards and 'as is' homes for sale, is definitely a 'buyers' market.' The same homes selling for \$350,000 1 – 2 years ago are now selling for 30 – 40% less. The potential buyers who have taken the necessary financial steps to be pre-qualified," continued Wagner, "are definitely reaping the benefits of such a historic time in Sacramento real estate."

Although the total listing inventory showed an increase, the month-end housing market supply figure continued a downward trend, showing a slight decrease from the previous month. The month-end housing market supply figure is calculated by dividing the total listing inventory by the number of closed escrows. This figure represents the amount of time – in months – it would take to deplete the total listing inventory given the current rate of sales. June 2008 showed a 6.3% decrease to 4.5 months when compared with May's figure 4.8 months.

### Condominium Resale Market

While single family home sales increased, the closed condominium escrows showed a slowing of sales for the month of June, ending with 101 sales. This figure marks a 13.7% decrease when compared to May's 117 condo sales. When compared to the same month one year ago, however, June's sales reflect a 23% increase over the 82 closed escrows in June 2007. New listings published declined for June, with a 7.7% decrease to 181 new listings from May's 196 new listings published. The median sales price of a Sacramento condominium dropped for the month of June, falling to \$137,200, a figure 9.7% below the May median sales price of \$152,000. The current median price stands 39% below the \$224,000 median price of June 2007.