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## Home sales sink 8%

**The housing bust continues: Sales of existing homes at lowest pace on record and prices drop more than 4%.**

**By Jessica Dickler, CNNMoney.com staff writer**

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NEW YORK (CNNMoney.com) -- Existing home sales sank 8 percent last month, to the lowest pace on record, according to the latest reading on the state of the battered real estate market released Wednesday.

Sales of existing homes slowed to an annual pace of 5.04 million in September, compared with a revised 5.48 million sales pace in August, the National Association of Realtors said.

Last month's numbers mark the slowest annual pace of sales since the current measure - which includes multiple-family dwellings - began in 1999. It is also the steepest one-month and annual drops on record.

"It looks like we didn't have to wait until Halloween to get ghoulish data," according to Mike Larson, a real estate analyst with Weiss Research.

"Clearly September was a dismal month," he said.

Economists surveyed by Briefing.com had forecast that sales would slow to a 5.25 million pace.

Lawrence Yun, NAR senior economist, blamed the credit crunch.

"Mortgage problems were peaking back in August when many of the September closings were being negotiated, and that slowed sales notably in higher priced areas that rely more on jumbo loans," Yun said in a statement.

Jumbo loans apply to mortgages for \$417,000 or more. Many lenders pulled out in August due to turmoil in the credit markets.

"[This month's report] clearly reflects the fallout from the summer swoon we had in the mortgage industry," Larson explained.

The slump pushed the glut of existing homes on the market to 4.4 million, which represents a 10.5 month supply - the biggest in 12 years.

"Sales were dampened by the mortgage cancellations," Yun said.



In addition, the median price of existing homes fell to \$211,700 in September, down 4.2 percent from a year earlier.

The lack of high-priced sales caused the second largest year-over-year median price decline on record.

NAR reported that September existing-home sales suffered more in the West than any other region, dropping 9.9 percent from August and 27.8 percent from last year.

The median price in the West was \$308,900, or 8.8 percent below a year ago. In the Northeast, existing-home sales were off 10 percent from August and trailed last September by 13.5 percent.

The median price in the Northeast was \$261,700, up 0.5 percent from a year ago. Sales in the South slowed by 6 percent from August and were 18.7 percent lower than they were in September 2006.

The median existing-home price in the South was \$174,400, down 5.5 percent from last year.

The Midwest showed a 7 percent drop from August and a 16.2 percent decline from a year ago. The median price in the Midwest of \$170,700 was up 1.4 percent from September 2006.

Going forward, sellers will have to lower prices to get buyers off the sidelines, Larson explained.

The Realtors tracked only single-family home sales until 1999, when it added condos and other multi-family units to come up with its current widely-followed report.

The group continues to track single-family units as a separate measure. That part of the report showed sales fell to an annual rate of 4.38 million, down 8.6 percent, the lowest level since January 1998.

The mortgage and housing markets are anxiously awaiting Friday's scheduled third-quarter financial report from [Countrywide Financial Corp.](#) ([Charts](#), [Fortune 500](#)), the leading mortgage lender that has suffered amid the recent housing downturn. ■

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