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Housing market weakens again

Realtors' group says the number of existing homes sold in June fell 2.6%, even more than economists forecast.

By Catherine Clifford, CNNMoney.com staff writer
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NEW YORK (CNNMoney.com) -- Sales of existing homes slowed more than expected in June while inventory increased, according to an industry trade group reading of the sluggish housing market released Thursday.

The National Association of Realtors reported that sales by homeowners dipped in June to an annual pace of 4.86 million, down 2.6% from a pace of 4.99 million in May.

The existing home sales rate - including single-family, townhomes, condominiums and co-ops - down 15.5% from the 5.75 million units sold in June 2007.

The 4.86 million sales figure came in well below the 4.95 million estimate forecast by economists surveyed by Briefing.com.

The median price of a home sold during the month fell to \$215,100, down 6.1% from \$229,000 a year earlier. Prices are being pushed down by the growing number of existing homes on the market.

Homes available for sale at the end of June rose 0.2% to 4.49 million, which represented an 11.1-month supply at the current sales pace, up from a 10.8-month supply in May.

Single family homes. Sales of single-family homes declined 3.2% to an annual rate of 4.27 million in June from 4.41 million in May. That's 14.8% below the 5.01 million-unit pace in June 2007.

The median existing single-family home price was \$213,800 in June, down 6.7% from a year ago.

New homeowners. First-time homebuyers are not confident that this is the best time to enter the market. "A recent online survey of Realtors shows nearly a quarter of potential home buyers are waiting on the sidelines," NAR President Richard F. Gaylord, a broker with RE/MAX Real Estate Specialists in Long Beach, Calif., said in a written statement.

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Nasdaq	2,301.65	▼ -24.23 / -1.04%
S&P 500	1,267.55	▼ -14.64 / -1.14%
10-year Bond	98 17/32	Yield: 4.05%
U.S.Dollar	1 euro = \$1.567	▼ -0.002

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"About four in 10 homes are purchased by first-time buyers, which frees existing owners to trade up," according to Lawrence Yun, NAR's chief economist.

Regional breakdown. Existing-home sales in the West actually rose 1.0% in June, but are 6.4% lower than a year ago. Buyers are attracted to bargain prices, with home prices in the region down 17.2% from June 2007.

In the South, existing-home sales fell 3.1% from May to June, and 18.1% year over year. Home prices in the South have only fallen 2.4% from a year ago.

Midwest, existing-home sales declined 3.4% in June, and slid 17.6% from a year ago. But the median price there was actually up 2.8% from June 2007.

Month to month, June existing-home sales fell 6.6% in the Northeast and dipped 15.8% from June 2007. The median price was also down sharply, 12.6% below June 2007.

Despite the decline in the housing market as a whole, there are a few bright spots. The NAR says that existing-home sales are actually rising significantly from a year ago in areas that have been particularly hard-hit by the housing bust, such as Bakersfield, Calif.; Fort Myers, Fla.; and Las Vegas, Nev.

In addition, "sales are now beginning to pick up in Orlando, Fla., Phoenix, and Oakland, Calif.," Yun said in a written statement. "Interestingly, sales fell in Atlanta, Houston, and Kansas City, Mo., despite affordable home prices and solid local employment conditions."

Housing bill. The report came a day after the House passed a bill that will provide up to \$300 billion to help struggling homeowners and will back the mortgage finance giants Fannie Mae and Freddie Mac. The bill will go to the Senate next for vote.

"The housing stimulus package working its way through Congress would go a long way toward helping consumers and boosting the overall economy," Yun said in a written statement.

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