



Aug 24, 2005

Dip In Sales Of Existing Homes Might Signal Market Cool-Down

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The frenzied pace of home sales slowed nationwide in July, a sign, some economists say, that a cooling-off period for the red-hot housing market has begun.

The National Association of Realtors said Tuesday that sales on existing homes - including single-family homes, town houses and condominiums - slipped 2.6 percent to a seasonally adjusted annual rate of 7.16 million.

Prices, on the other hand, continued to climb at double-digit rates. And even with the decline in single-family volume, July's sales were the third-highest on record.

However, if sales decline more or level out, price appreciation could slow or flatten in some areas, said Lawrence Yun, senior economist with the Washington-based group.

However, the Tampa Bay area may have more room for rising appreciation. Yun said that's because home prices here are still significantly lower than in Northern cities, which should keep pushing up local values.

"We're going from a crazy market to a healthy pace," he said. "I expect the Tampa region to see double-digit increases for another 12 months."

The Florida Association of Realtors released sales figures Tuesday that mirrored the national numbers.

In July, the Tampa-St. Petersburg-Clearwater area saw 4,742 existing homes change hands, down from 5,230 last month but up slightly from July a year ago. July's median sales price shot up 4 percent in one month to \$217,400, from \$208,700 in June, and has increased 30 percent from July 2004.

David Scott, executive director of the Dr. Phillips Institute for the Study of American Business activity in Orlando, attributes the nation's overall cooling off in sales to a mix of rising interest rates, gas prices and inflation rates.

"It's clear to me that the slowdown has begun," he said. "It's just a question of how fast the brakes will be applied. For the next year, we'll see mortgage interest rates inch up toward 7 percent and we'll see a gradual decline [in] median home prices."

George Bodmer, president of the Greater Tampa Association of Realtors, has a different take. Sales are down, he said, because inventory is down.

"When there's a bigger demand, there will be higher prices," he said. "That's what we're seeing. People always want to move to Florida."

Nationally, the median sales price of an existing home was \$218,000 in July, up 14.1 percent from a year ago, according to the national Realtors group. By region, sales were down in all parts of the country, except for the South, where they were flat.

The overall drop in sales of previously owned homes came as mortgage rates rose. The average rate on 30-year mortgages in July was 5.70 percent, up from 5.58 percent in June. Even with the increase, though, mortgage rates are still considered low by historical standards.

Information from The Associated Press was used in this report. Reporter Shannon Behnken can be reached at (813) 259-7804.

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