



EQUITY NORTHWEST PROPERTIES

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Home sales rise 9.4 pct. in Sept. beat forecast

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By **ALAN ZIBEL** and **ALEX VEIGA** AP Real Estate Writers

Racing to complete their purchases before a tax credit for first-time owners expires, homebuyers pushed sales up last month by the largest amount in more than 26 years.

After jumping 9.4 percent in September, home resales are up nearly 24 percent from the bottom in January, the National Association of Realtors said Friday. But the housing market's momentum could easily peter out if Congress doesn't extend the credit of up to \$8,000 for first-time buyers beyond its current Nov. 30 deadline.

John Kindschi, a 33-year-old aircraft mechanic who lives north of Seattle, didn't want to miss out. After a yearlong search, he and his family bought a three-bedroom house for \$206,000, completing the purchase last week.

"It was getting down to crunch time," he said. "We had no idea if the credit was going to be extended."

Nationwide sales rose to a seasonally adjusted annual rate of 5.57 million last month, from a downwardly revised pace of 5.1 million in August. It was the strongest month in two years and beat economists' forecast of 5.35 million, according to Thomson Reuters. Sales, however, are still down 23 percent from their peak four years ago.

In another positive sign, the inventory of unsold homes on the market fell almost 8 percent to 3.6 million. That's less than an eight-month supply at the current sales pace, and the lowest level since March 2007.

The competition for low-priced foreclosures has become fierce in places like Las Vegas and Southern California. Aldo Martin, 28 of Covina, Calif., had to put offers on 16 houses before having one accepted this week.

"We'd go look at eight houses and if we liked five of them, make offers," said Martin, a sales supervisor. "Your odds are better. We got aggressive."

Marty Rodriguez, owner of a Century 21 real estate brokerage east of Los Angeles, said half of her transactions last month were low-priced foreclosures and short sales, where the sales price is lower than the mortgage balance.

"You have so many buyers in that lower price range," she said. "Sometimes my agents are writing five offers for one buyer on different properties just trying to get one property - and not getting accepted. It's a little crazy."

Still, economists caution that the pain from the worst housing bust since the Great Depression probably isn't over yet.

While home sales and housing construction have risen steadily after hitting bottom earlier this year, most economists believe that prices, which recently stabilized, will resume their descent. The median sales price last month was \$174,900, down almost 9 percent from \$191,200 a year earlier, and slightly lower than August's median of \$177,300.

The main reasons prices are weak: Unemployment and

foreclosures are still rising. With the current 9.8 percent jobless rate expected to rise as high as 10.5 percent next year, foreclosures will continue to set records.

Nationwide, more than 3 million households are either three months behind on their payments or in foreclosure, according to First American CoreLogic, a research firm.

Many delinquent borrowers are still being evaluated for help under the Obama administration's mortgage assistance plan. If they don't qualify, the odds are high they will lose their homes.

Fears about job losses are stifling some sales, said David Hudson, an agent with Exit Realty Platinum outside Atlanta.

"Buyers are still nervous," he said. "They're worried about buying a house, and then all of a sudden, I might not have a job."

A steady job as an operating room nurse is one reason Hope Carson, 41, is able to buy a home. She's planning to make an offer next week on a foreclosed property outside Atlanta and is hoping the deal will close in time for her to qualify for the tax credit.

After searching for about a month in a price range of about \$140,000, she has narrowed her choices to two homes, both in foreclosure.

"Is there a little bit of guilt behind that? Absolutely," she said. "You know that somebody was forced to move out."

To entice more buyers like Carson, Senators Johnny Isakson, R-Ga., and Christopher Dodd, D-Conn., want to extend the tax credit through June 30, and expand it to include all home buyers, at an estimated cost of \$16.7 billion.

Realtors and homebuilders are loudly in favor, arguing that the tax credit is crucial to get the housing market back on its feet.

"We are not there in terms of removing the consumer fear factor," said Lawrence Yun, the Realtors' chief economist.

However, some analysts say the tax credit may not be as critical to the housing market as real estate agents suggest. The Realtors association has "an incentive to talk up the effects of the credit as it is urging Congress to extend it, and it therefore may be exaggerating the credit's effects," wrote Nomura Securities economist Zach Pandl.

One potential roadblock to an extension also emerged this week.

There are concerns that some of the 1.5 million applications for the tax credit are fraudulent. The Treasury Department's inspector general for taxes questioned the legitimacy of some 100,000 claims for the credit, potentially including some illegal immigrants and 580 people under 18.



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