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(RESIDENTIAL RESALE STATISTICS FOR JUNE 2006)

Buyers Benefiting As Home Prices Level Off

Residential resale data for June reflect a continuing trend toward slower sales and flattening prices in Sacramento County, prompting a growing number of sellers to lower their asking prices and profit expectations.

On a typical day in late June, about 50 homes were selling in greater Sacramento, whereas 150 to 200 homes were newly listed and an even greater number of homes already on the market had their price reduced.

Completed sales and median price were up slightly for the second consecutive month, but were outpaced by the steady stream of new listings. Closed escrows on Sacramento County single family homes increased from 1,311 in May to 1,313, a figure still down 38.8% from the torrid pace of a year ago. The market posted a month-to-month increase in listing inventory, 5.7% higher than the May inventory and 13.8% higher than the inventory a year ago. The County's median existing home sale price increased 0.3% to \$380,000 from the prior month, matching exactly the median price from a year ago.

"It's true that housing sales and prices have flattened compared to recent years," said veteran Sacramento REALTOR® and Association President Leigh Rutledge, "but it's a mistake to say that Sacramento housing is ripe for a fall. Even though asking prices are coming down, our median selling price has remained pretty stable. Sellers' profit expectations are becoming more realistic."

The housing market supply figure - the active listing inventory divided by the rate of completed sales - was up from 5.0 months in May to 5.2 months, 73% higher than last year's June supply of 3.0 months. "The supply reflects a strengthening buyers' market," Rutledge added. "It's not so much that there are tons more sellers than in recent years as that there are fewer active buyers and investors, so homes are staying on the market longer. It's starting to sink in with sellers that they aren't going to realize a 20% or even a 10% one-year gain in 2006. That's leading to more competitive pricing."

Condominium Resale Market

Condominium market activity was down in June, with fewer new listings and sales than in May. New listings were down 4.8% to 339 units, while the active inventory was down by 12.0% to 497 units. Closed condominium escrows for the month were down 29.2%, from 130 in May to 89 units, 47% below May sales one year ago.

The median sale price of a Sacramento condominium was up 3.1% in June, at \$238,625, a figure 1.0 % lower in value than the \$240,000 June median price a year ago.

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