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(RESIDENTIAL RESALE STATISTICS FOR JULY 2006)

Homebuyers, Not Homes, In Short Supply

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

On a typical day in July, about four times as many homes were newly listed for sale on the Sacramento market as were sold.

Escrows closed in July were down 17.7% from the previous month and down 45.2% from a year ago. The median home sale price also posted its first month-to-month decrease since April 2006, declining 1.4% compared to June 2006 and down 3.7% compared to July 2005.

"It's a changed market," said East Sacramento REALTOR® and Association President Leigh Rutledge, "For every home sold last month, there were three or four sellers who lowered their asking price. Sellers' profit expectations are becoming more realistic. But we think it's still a mistake to say that Sacramento housing values are ripe for a precipitous drop. We're all watching interest rates – which were not raised by the Fed this quarter – and other economic indicators."

The housing market supply figure - the active listing inventory divided by the rate of completed sales – was up 11% from 5.2 months in June to 5.8 months, 76% higher than last year's July supply of 3.3 months. "The supply reflects a strengthening buyers' market," Rutledge added. "There are a lot of homes listed for sale out there but it's nowhere near a record. More homes were on the market for most of 1993 and 1994, when it was a considerably smaller market."

Condominium Resale Market

Condominium market activity was mixed in June, with more new listings and fewer completed sales than in June. New listings were up 7.7% to 365 units, while the active inventory was up by 7.6% to 535 units. Closed condominium escrows for the month were down 15.2%, from 92 in June to 78 units, 42% below June sales one year ago.

The median sale price of a Sacramento condominium was up 1.2% in July, at \$241,400, a figure 1.0 % lower in value than the \$244,750 July median price a year ago.

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