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Falling home sales problem spreads to 45 states

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By [Noelle Knox](#), USA TODAY



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By Jeff Chiu, AP

A for-sale sign outside a home in San Carlos, Calif.

Underscoring the breadth of the real estate recession, sales of existing homes fell in 45 states and Washington, D.C., in the last quarter of 2007, and prices dropped in more than half the metro areas it tracks, the National Association of Realtors said Thursday.

The slide in sales is projected to persist through the first half of this year, and prices will likely fall throughout 2008, according to a majority of economists surveyed last month by USA TODAY. The figures reflect job losses in the Rust Belt states, sinking affordability in the Sunshine states and stricter lending rules nationwide.

CHARTS: [State-by-state Q4 sales](#) | [Prices in 150 metro areas](#)

Nationally, home sales fell nearly 21% from October through December, compared with the same period the year before. At the same time, the median price plunged by a record 5.8%, to \$206,200.

South Dakota was the only state where sales rose — at an impressive 8.9%. Sales were flat in North Dakota, and no figures were available for Idaho, Indiana and New Hampshire. John Gustafson of the South Dakota Association of Realtors credits that state's strong industrial base, low crime rate and affordable home prices.

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The state with the sharpest quarterly sales drop — a stunning 44% — was Nevada, which was one of the most overheated markets during the real estate boom. In Las Vegas, the median single-family home dropped about 13% in price. That means thousands of people who bought homes during the past couple

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WHY HOME PRICE INDEXES VARY

Among the differences in the home price indexes:

- The Standard & Poor's/Case-Shiller nationwide housing index focuses on major metropolitan areas and includes expensive properties as well as cheaper ones. The S&P/Case-Shiller indexes use only purchase prices using information from county assessor and recorder offices.
- The OFHEO Home Price Index, more national in its scope, excludes higher-priced homes and ones financed by riskier mortgages, and it includes refinance appraisals. The OFHEO index is calculated solely using home loans of \$417,000 or less that are bought or backed by government-sponsored mortgage companies Fannie Mae and Freddie Mac. That excludes properties bought with some of the riskier varieties of home loans that have gone sour this year.
- The National Association of Realtors use a median price of a home sold. Many economists consider the OFHEO and Case-Shiller indexes to be better measurements

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of the housing market than the Realtors' report, because both indexes examine price changes for the same properties over time instead of calculating a median price for houses sold during a particular month or quarter.

Source: AP, OFHEO

of years with little or no money down now owe more than their homes are worth.

Luxury condos on the Las Vegas Strip are still faring well, but the single-family home market is "definitely treading water," says Bruce Hiatt, owner of Luxury Realty Group, and he projects it will take up to 18 months to recover.

"Bargain hunters are out there, but the foreclosure issue is presenting its challenges," he says. "Buyers are reluctant to buy in neighborhoods that have high foreclosures. They don't

want empty houses next to them."

The median price — at which point half the homes cost more, half less — fell in 77 of the metro areas the NAR surveys, with at least 15 areas suffering double-digit drops. They included Sacramento, Jackson, Miss., and the Riverside-San Bernardino area of Southern California.

Rich Cosner of Prudential California Realty, which has offices in Riverside, San Bernardino and Orange counties, says foreclosures are driving down prices.

"The lenders have so many foreclosures, they need to get them sold and will take a much lower price than a normal home seller," Cosner explains, adding, "I don't see any change in the market happening in 2008."

But all real estate is local, and prices rose in 73 other metro areas, including 11 that enjoyed double-digit gains. Atop the list: the Cumberland area of Maryland and West Virginia, followed by Yakima, Wash., and Binghamton, N. Y.

Explaining buyers' attraction to Cumberland, Melanie Prattidimaio, a local real estate agent, says: "People are relocating here. We have a very low crime rate. We don't have rush-hour traffic."

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mrmx wrote: 49m ago

" and he projects it will take up to 18 months to recover."

our troops were supposed to be home 6 months from now years ago! so I won't be holding my breath for the real estate market to recover.

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mrmx wrote: 51m ago

"it's the best time"

it might be the "best time" but what happens if you simply don't want one and instead want to be free?

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1of18kids wrote: 1h 37m ago

kenschнауzer wrote: 1m ago

Explaining buyers' attraction to Cumberland, Melanie Pratttimaio, a local real estate agent, says: "People are relocating here. We have a very low crime rate. We don't have rush-hour traffic."

++++
I live close to Cumberland and the jobs are leaving. The home prices are only going up because it is a low end area. Mostly people are going there because of the low price. Their is nothing to do here so you still have to travel to get anything. It's in the middle of nowhere.

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ZoomZoom Diva wrote: 3h 32m ago

Elizabeth, if the person does not cough up the money, good luck finding another place to rent.

SayWhat, define the difference between "fake" and "real" equity. Money has a need for a venue, and there is a point where real estate will again become an attractive venue for money. This provides a support point to where the market can drop. There is also a support factor in the limit of how far sellers will allow the market to fall and just stay where they are, not putting homes into the supply.

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ElizabethBennett wrote: 4h 5m ago

ZoomZoom Diva wrote: 2h 6m ago

ElizabethBennett wrote: 13h 8m ago

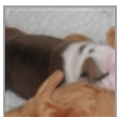
The only thing more laughable than that is the day the renter loses his job and can simply give 30 days notice and move to where his new job is--while his "homeowner" coworker who also gets laid

off is outta luck, can't sell the home, can't move where a new job is, and eventually gets foreclosed on.

Not so simple. The renter also better be prepared to cough up 2-3 months rent for breaking the lease early. Also, states are not local enough to really give the story.

~~~~~  
It's still easier to get out of an apartment or a lease than to sell a home in this market in many parts of the country. Also, a renter simply "leaves". There is no grass to cut, etc. That's the landlord's problem. The landlord can come after you for the money, but it's still cheaper (and less time consuming) than the unemployed person who's stuck with a house they can't sell (and they can't relocate either). How would you like to be a homeowner in Detroit right about now? Talk about being shackled to your home. No hope.

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[SayWhat...](#) wrote: 5h 25m ago

The problem with the logic of most of the people who see this as "temporary" is that they never look at where the real equity is. The reason this is a serious bust is that the equity is "fake", non-existent, speculative. There can be no recovery without equity. Right now the trend is downward, the spiral will be downward and then the depression will begin to become real to the pollyanna-types. So the rich in the meantime will gorge themselves with fake profits and buy, travel, etc. and then....

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[Richard Harris](#) wrote: 5h 48m ago

[kenschnauser](#) wrote: 1m ago

Explaining buyers' attraction to Cumberland, Melanie Prattedimaio, a local real estate agent, says: "People are relocating here. We have a very low crime rate. We don't have rush-hour traffic."

+++++

Give it five to seven years, you will then!

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You are correct sir. Continued unfettered immigration will turn quiet backwaters into the unmitigated hell of San Francisco Bay Area traffic.

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[kenschnauser](#) wrote: 5h 52m ago

Explaining buyers' attraction to Cumberland, Melanie Prattedimaio, a local real estate agent, says: "People are relocating here. We have a very low crime rate. We don't have rush-hour traffic."

+++++

Give it five to seven years, you will then!

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Richard Harris wrote: 6h 8m ago

TxGulfCoast If your figure is even accurate it's a perfect example of the old expression "Figures will lie and liars will figure." There is a preference in immigration policy which skews the legal immigrant base to include a disproportionately large pool of technical professionals. You are comparing one sample group with a disproportionately large representation of tech pros against a universal population in which tech pro only represent the normal societal per centage.

Furthermore there are 65,000 H1-B visas reserved for foreign tech pros each year. Our universities turn out 300,000 tech pros each year. There are only 100,000 tech pro jobs coming available each year. Therefore foreign tech pros are getting 65% of the tech pro jobs that become available due to the unscrupulous practices of domestic employers in obtaining H1-B visas.

In addition foreigners, who are mostly minorities, were beneficiaries for two decades of the Small Business Administration's lending program which discriminated against non-minorities.

So even if your figure is accurate, it is statistically meaningless, and does not support your conclusion.

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Fockomunch wrote: 6h 9m ago

USA Today gets an A+ for allowing commentary on these forums. Ever notice how we, the people, are more knowledgeable than the attention-starved wonks that are quoted in these stories?

Real estate will get worse and worse for the next few years. The industry did not grow to excess overnight and the continuing deflationary effects will force all homeowners to make tough choices in the next few years. The situation is much worse than the government is willing to let on.

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