



Home sales 27% higher in 4th quarter over last year

By Stephanie Armour, USA TODAY

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Home sales posted strong gains in the fourth quarter and prices rose in nearly 45% of U.S. metropolitan areas compared with a year earlier, more evidence of an improving climate in housing.

Bolstered by low interest rates and a first-time home buyers tax credit, existing-home sales rocketed 27.2% from the fourth quarter of 2008 to a seasonally adjusted annual rate of 6.03 million, the National Association of Realtors reported Thursday.

The national median price for an existing single-family home was \$172,900, or 4.1% below the median price in fourth-quarter 2008. That was the smallest price decline in more than two years.

BUT ...[January foreclosures up 15% from year ago; surge on way?](#)

Prices rose in 67 out of 151 metro areas in the fourth quarter compared with a year earlier. Only 30 areas had annual price increases in the third quarter.

Sixteen areas had double-digit increases last quarter, led by [Saginaw](#), Mich., up 53.5% to a median of \$67,400.

"There's a growing body of evidence that the housing market has stabilized. The question is how quickly can it recover and will we bump along at the bottom for a couple of months?" says **Bernard Baumohl**, chief global economist at the Economic Outlook Group. "In the first couple of months of 2010, we should see a healthy turnaround."

Baumohl says the combination of low interest rates and tax credits for qualifying home buyers should lure buyers, further stabilizing prices and boosting sales.

But the market could falter once the tax credit expires April 30 and if interest rates begin to climb later this year as many economists expect.

The credit is worth up to \$8,000 for first-time buyers and up to \$6,500 for repeat buyers. But they must have purchase contracts signed by April 30 and close by June 30.

The national average mortgage rate for a 30-year, fixed-rate loan fell to 4.97% this week, down from 5.01% a week ago, [Freddie Mac](#) reported Thursday.

But foreclosures are expected to climb, which could further depress prices. Foreclosure filings were reported on 315,716 properties in January, 15% more than a year ago, RealtyTrac reported Thursday.

"It's premature to say the coast is clear. The housing credit really played a role in juicing up sales," says Mark Zandi at Moody's Economy.com. "We're closer to the end of the downturn than the beginning, but we're not there yet."