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March home-sale contracts soar

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The number of home-sale contracts signed in March soared over the March 2009 level both nationwide and locally, as qualified buyers took the leap ahead of the federal tax credits' April 30 deadline.

The National Association of Realtors reported Tuesday that its pending-sales index for March rose 21.1 percent over the same month last year.

For the eight-county Philadelphia area, Prudential Fox & Roach's HomExpert Market Report said sales contracts were up 35 percent from the 2009 period: 5,404 houses went under contract in March, compared with 4,002 a year earlier.

Acknowledging that the higher numbers were a blend of tax credits and greater affordability, the Realtors association's chief economist, Lawrence Yun, predicted that "in the months immediately following the expiration of the tax credit, we expect measurably lower sales."

Pending-sales numbers were better in the South and Midwest, where prices are lowest, than in the Northeast and West, where costs are higher, real estate observers said.

When sales related to the tax credits are tallied in coming months, some economists are forecasting, they will be lower than the two million linked to the initial \$8,000 credit, for first-time buyers only, that expired Nov. 30. That credit was extended, and a \$6,500 tax credit for qualified repeat home buyers was offered from November until April 30.

"The second tax credit has not been nearly as effective as the first one, so payback will be smaller," said economist Patrick Newport of IHS Global Insight, referring to the impact on sales later in the year. Newport and other economists believe that the housing picture will begin improving on its own, "as jobs are created."

Lower prices and the tax-credit deadline converged to spur sales at the Phoenix at 1600-18 Arch St. in Center City, where 36 condos were offered at auction Thursday. Minimum reserve prices ranged from \$185,000 to \$415,000.

The auction attracted 143 registered bidders. Forty-seven units were sold at prices ranging from \$240,000 to \$414,000, according to Accelerated Marketing Partners of Boston, which conducted the auction for the Keating Organization, the building's owner.

In Philadelphia itself, HomExpert said, March sale contracts rose 37.7 percent year over year, signaling a possible spring sales surge.

Economist Kevin Gillen, vice president of Econsult Corp., said city home-sale transactions that went to settlement in March were actually 5 percent above their historic average for the month.

Otherwise, he said, the first quarter of the year was as dismal as the weather, with "home sales 27 percent below the historic average level - making this quarter the third-slowest quarter in 15 years." Transactions were 32 percent lower than in the fourth quarter of 2009.


Gillen said city prices fell 4 percent year over year in the first quarter, meaning the average value of a Philadelphia house was 11 percent lower than at the market's peak in 2006.

But there were positives, he said: Prices in comparable cities fell 30 percent in the same period, and the number of homes for sale in the city continued to decline, as did the number of days they spent on the market.

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