

U.S. existing home sales fall to 19-month low

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WASHINGTON — Sales of U.S. existing homes slipped in February to their lowest level since July 2012 as severe winter weather, rising prices and a tight supply of homes discouraged buyers.

The **National Association of Realtors said Thursday** that sales declined 0.4 percent last month to a seasonally adjusted annual rate of 4.6 million. That was the sixth decline in the past seven months.

Freezing temperatures and snowstorms likely kept many buyers from visiting open houses. And higher mortgage rates have weighed on sales since last fall.

Still, there were some signs that the market could pick up in the coming months. Sales improved in the South and West, where weather was less of a factor. And more people decided to sell, boosting the supply of available homes 6.4 percent to 2 million.

"Once we get past this messy period, housing should assume its role in supporting overall growth," Jennifer Lee, an economist at BMO Capital Markets, said in a note to clients.

Home prices are rising despite the sluggish sales, a sign that the number of homes for sale remains low. The median sales price has risen 9.1 percent in the past year, the Realtors said, to \$189,000.

Investors are accounting for an increasing share of purchases, while first-time buyers remain historically low. All-cash sales, which are mostly by investors, rose to 35 percent of purchases in February, up from 32 percent a year ago.

First-time buyers accounted for only 28 percent of sales in February, slightly more than in January. That's far below the 40 percent that's typical of a healthy market. First-time buyers are being held back by tight credit standards and high levels of student loan debt, the Realtors said.

Sales of existing homes climbed steadily in the first half of last year, reaching an annual pace of 5.38 million in July. And sales totaled 5.1 million in all of 2013, the most in seven years. That's still below the 5.5 million that is consistent with a healthy housing market.

But sales slowed in the fall as rising mortgage rates and higher home prices began to squeeze some buyers out of the market. Freezing temperatures and winter storms also kept prospective buyers away from open houses.

Sales have fallen 14 percent since July.

The average interest rate on a 30-year mortgage slipped to 4.32 percent last week from 4.37 percent. Rates have risen about a full percentage point since hitting record lows last spring.

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