



Pennsylvania Association of REALTORS®

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PA HOUSING MARKET KEEPS STEADY AS OTHER MARKETS STRUGGLE

"It's a Return to Basics When it Comes to Consumers Purchasing Homes," says PAR Economist Dr. Austin Jaffe

HARRISBURG, Pa. (Jan. 04, 2008) – The market took its toll on the real estate industry in 2007, but now we can look forward to a “back to basics” mentality when it comes to consumers purchasing homes.

“We’ve lived through a period in which we’ve forgotten that housing provides shelter and user benefits for households,” says PAR consulting economist Austin Jaffe, Ph.D., chair of the Department of Insurance and Real Estate at the Smeal College of Business at Penn State University.

Housing markets in Pennsylvania typically lag behind national markets. As housing prices were accelerating since 2001, prices in Pennsylvania were edging upward much more slowly. Jaffe adds that by mid-2006, the real estate market began to turn, prices in Pennsylvania never increased as much as they had in neighboring states such as New Jersey and Delaware or in the “hot” markets of Florida, California, Nevada and Arizona.

There is no reason to expect Pennsylvania housing markets will behave like some declining markets when they did not behave like them on the incline, according to Jaffe.

The latest housing numbers out in Pennsylvania indicate that the median sales price of a home has increased to \$201,000, a 4.7-percent increase from \$192,000 in 2006. Of all counties reporting, house sales were slightly off by .03 percent with 69,224 homes sold in the state in November 2007, compared to 69,461 homes sold in November 2006.

Since Pennsylvania housing markets are less volatile than other markets, the impact of various shocks ranging from the Federal Reserve policy to national mortgage finance issues will likely be considerably less.

“We’re at a turning point right now,” says Jaffe. “This is not the end of the world for the real estate industry, it’s a return to basics that has served the industry for a long time.”

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