



Pennsylvania Association of REALTORS®

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PA HOME PRICES INCREASE -- BUT NOT AS QUICKLY AS OTHER STATES

“Real Estate Market Will Remain Healthy In 2007,” Says Penn State Economist

HARRISBURG, Pa.(February 28, 2007) -- Home prices in Pennsylvania have increased but not as much as in other parts of the country, according to a new report published today by the Pennsylvania Association of REALTORS®.

Between 1995 and 2006, Pennsylvania real home price appreciation increased by nearly 41 percent (an annual rate of 3.09 percent), compared to neighboring New Jersey’s increase of more than 86 percent (5.68 percent annually) and Delaware’s increase of 60.3 percent (4.28 percent a year). The average real house price appreciation for the country was 58.5 percent over the same period.

For a majority of cities in Pennsylvania, real prices (prices after adjusting for inflation) have appreciated at less than 2.50 percent per year between 1995 and 2006. These rates are similar to those in real estate markets in Ohio, Illinois, Wisconsin, Iowa, Missouri and most of the South Atlantic states.

Pennsylvania’s local housing markets have appreciated in value but the changes are “uneven” and “more moderate” than in many other states, said report author and PAR consulting economist, Dr. Austin Jaffe, Ph.D., chair of the Department of Insurance and Real Estate and Philip H. Sieg Professor of Business at Penn State University.

“Pennsylvania real estate markets, on average, follow the peaks and troughs of national price changes,” Jaffe said. “Pennsylvania housing markets tend to follow, rather than lead, national trends. The good news is that prices in Pennsylvania have not declined as much as in some markets around the country.”

The report was prepared using data supplied by the National Association of REALTORS® and a recent study issued by the Philadelphia Federal Reserve.

2007 Forecast

Prices appear to have peaked in 2005 and markets appear to be softer, according to Jaffe. “With continued economic growth, a moderate interest-rate environment and improving, if uneven, local housing markets, the climate for the real estate business in Pennsylvania will remain healthy in 2007,” Jaffe said.

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He added that financial returns to homeowners due to price appreciation will not return in 2007 nor will dramatic increases in the number of transactions typical of previous years in many regions of the state. Price declines will be “quite moderate and dispersed,” he said.

Sales of single-family homes in Pennsylvania will remain likely flat and home-price declines moderate in 2007. More normalized market conditions will not likely return until 2008. “We should not expect to see as much ‘give back’ during the months ahead,” Jaffe explained. “Those selling existing homes will fare better than those selling new construction.”

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The Pennsylvania Association of REALTORS® (PAR) is a 34,500-member trade association that serves as the “voice for real estate” in the Commonwealth of Pennsylvania. A member organization of the National Association of REALTORS®, PAR is comprised of residential and commercial REALTORS® who subscribe to a strict Code of Ethics and Standards of Practice.

Note: For a copy of The Pennsylvania Association of REALTORS® (PAR) Report, go to http://www.parealtor.org/content/par_report.asp