

## 2005 Average Pennsylvania Home sales vs Inspections

**Source;** (PA home Sales)

PAR Economic Review

<http://www.parealtor.org/content/economic.asp>

### State Overview

**Source;** (National Average Inspections)

American Society of Home Inspectors (ASHI) in conjunction with the National Association of Realtors (NAR)

<http://www.ashi.org/media/press/release002.asp>

April, 2001 Press release

### **2005, 14.2 Billion in PA home Sales**

Average Cost \$225,800

Houses sold; 252,625

2001 Survey finds 77% get an Inspection

This means that 194,521 homes in Pennsylvania had a Home Inspection last year.

This means \$10.9 Billion in sales were affected by an Inspection last year.

Using an average of \$300 per inspection this means over \$58 million transacted through an unregulated industry in PA.

### THE STATE

#### **67 counties**

*See Table A and Chart A1.*

After nearly five years of a booming market for single-family homes in Pennsylvania, we anticipate a slower market in the next few years. This is consistent with the expectations and recent experiences of home sales in markets throughout the United States.

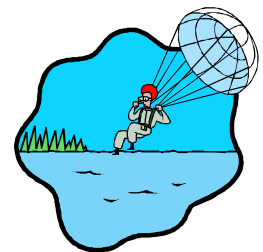
A softening of the market does not occur simultaneously in all regions. Pennsylvania is presenting a mixed picture. While most regions are showing clear signs of a moderately softening market, at least one region, Southcentral, continues to grow. For the state as a whole, the market is still in an uptrend, but growing at a smaller rate.

During the calendar year 2005 single-family home sales totaled \$14.2 billion.

This was the second-highest 12-month total on record: the highest total was \$15.8 billion in the preceding 12 month period of 2004Q3 – 2005Q3.

The average home price in the last quarter of the year was \$225,800, down about \$6,000 from the peak price that was reached in the previous quarter.

The declines in price and dollar sales volume (units sold times mean home price) in 2005Q4 was in line with the seasonal pattern. (Peak prices and sales usually occur in the



third quarter.) But in most regions prices and sales volumes dropped sharply in the last quarter, somewhat more than the typical seasonal pattern.

*See Chart A2.*

Statewide home prices were still booming, as shown by the change in home prices for the 12-month period ending 2005Q4. The annual rate of growth was a robust 19 percent. Price appreciation was at annual double-digit levels for four consecutive quarters. This level is not sustainable over long periods because it exceeds the growth of homebuyers' income growth and general inflation. Price appreciation will soon settle at a low single-digit level, especially if the Federal Reserve continues putting upward pressure on long-term (mortgage) interest rates.

Dollar sales volume leaped upward last quarter to a 39 percent annual rate. Sales have been growing at double-digit rates since 2001, which brought cheer to many Realtors®. Sales growth will continue, but at much lower levels. As a result, the entry of new real-estate professionals into the market will almost certainly dry up and many may leave the market.

*See Chart A3.*

For the last few years both prices and number of units sold have been trending upward. This is a clear sign of strength because it showed that higher prices did not discourage buyers. But the last quarter showed reason for concern because prices and sales volume both declined, which is a sign of some weakness. Buyers did not rush in even at lower prices. A settling to more normal rates of growth can be expected.

**TABLE A. THE STATE  
SINGLE FAMILY HOME SALES**

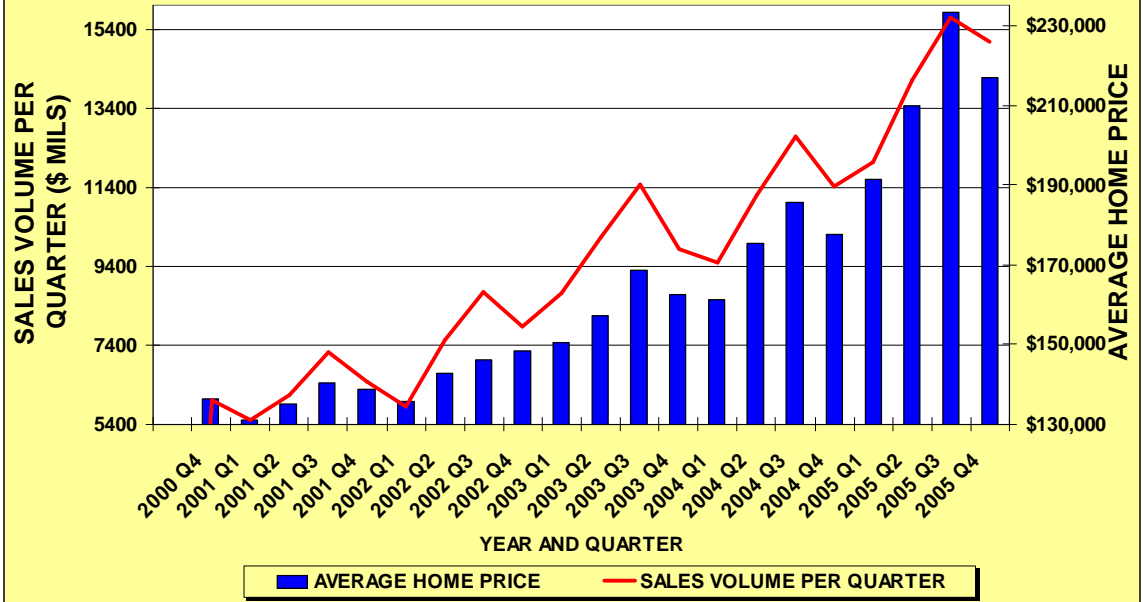
| <b>YEAR &amp;<br/>QUARTER</b> | <b>EST'D UNITS<br/>PER QTR (S.A.)</b> | <b>MEAN<br/>PRICE</b> | <b>EST'D SALES<br/>VOLUME<br/>(\$ millions)</b> |
|-------------------------------|---------------------------------------|-----------------------|---|
| 2000 Q2                       | 42,775                                | n/a                   | n/a   |
| 2000 Q3                       | 42,000                                | n/a                   | n/a   |
| 2000 Q4                       | 44,525                                | \$135,900             | \$6,051   |
| 2001 Q1                       | 41,925                                | \$131,100             | \$5,496   |
| 2001 Q2                       | 43,050                                | \$137,400             | \$5,915   |
| 2001 Q3                       | 43,500                                | \$148,200             | \$6,447   |
| 2001 Q4                       | 44,775                                | \$140,600             | \$6,295   |
| 2002 Q1                       | 44,500                                | \$134,400             | \$5,981   |
| 2002 Q2                       | 44,375                                | \$151,000             | \$6,701   |
| 2002 Q3                       | 43,150                                | \$163,200             | \$7,042   |
| 2002 Q4                       | 47,025                                | \$154,400             | \$7,261   |
| 2003 Q1                       | 45,850                                | \$ 166,000            | \$7,611   |
| 2003 Q2                       | 46,700                                | \$ 163,000            | \$7,612   |
| 2003 Q3                       | 48,975                                | \$ 190,100            | \$9,310   |
| 2003 Q4                       | 49,925                                | \$ 174,100            | \$8,692   |
| 2004 Q1                       | 50,125                                | \$ 170,500            | \$8,546   |
| 2004 Q2                       | 53,125                                | \$ 187,400            | \$9,956   |
| 2004 Q3                       | 54,550                                | \$ 202,000            | \$11,019  |
| 2004 Q4                       | 53,775                                | \$ 189,600            | \$10,196  |
| <b>2005 Q1</b>                | <b>59,325</b>                         | <b>\$ 195,600</b>     | <b>\$11,604</b>                                 |
| <b>2005 Q2</b>                | <b>62,200</b>                         | <b>\$ 216,200</b>     | <b>\$13,448</b>                                 |
| <b>2005 Q3</b>                | <b>68,275</b>                         | <b>\$ 232,034</b>     | <b>\$15,842</b>                                 |
| <b>2005 Q4</b>                | <b>62,825</b>                         | <b>\$ 225,800</b>     | <b>\$14,186</b>                                 |

**LAST 4 QUARTERS:**

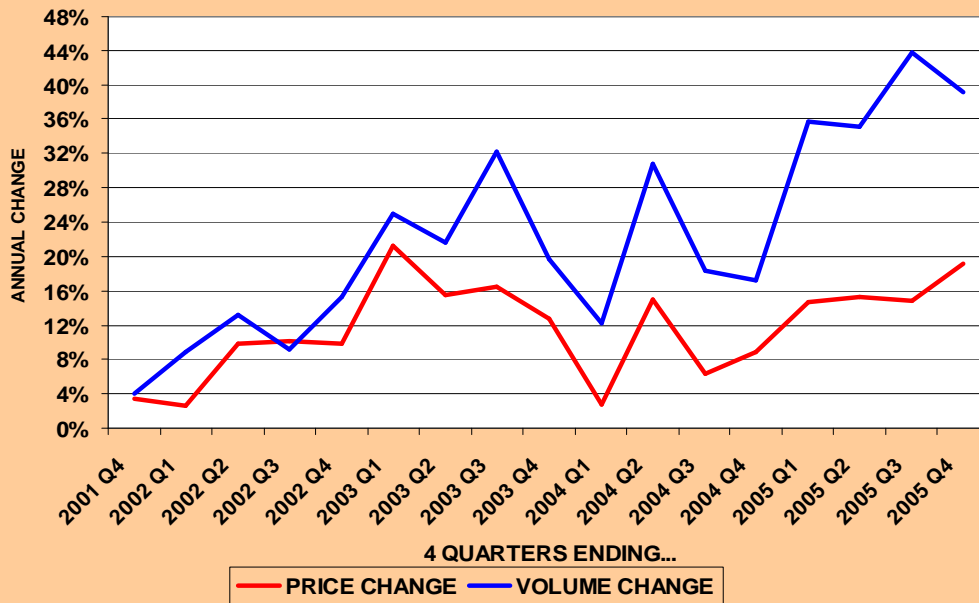
|                |                |                |               |
|----------------|----------------|----------------|---------------|
| <b>TOTAL</b>   | <b>252,625</b> | <b>869,634</b> | <b>55,080</b> |
| <b>AVERAGE</b> | <b>63,156</b>  | <b>217,409</b> | <b>13,770</b> |

| <b>CHANGES OVER 4<br/>QTRS. ENDING.....</b> | <b>AVERAGE<br/>PRICE</b> | <b>SALES<br/>VOLUME</b> |
|---|--------------------------|-------------------------|
| 2001 Q4                                     | 3%                       | 4%                      |
| 2002 Q1                                     | 3%                       | 9%                      |
| 2002 Q2                                     | 10%                      | 13%                     |
| 2002 Q3                                     | 10%                      | 9%                      |
| 2002 Q4                                     | 10%                      | 15%                     |
| 2003 Q1                                     | 21%                      | 25%                     |
| 2003 Q2                                     | 15%                      | 22%                     |
| 2003 Q3                                     | 16%                      | 32%                     |
| 2003 Q4                                     | 13%                      | 20%                     |
| 2004 Q1                                     | 3%                       | 12%                     |
| 2004 Q2                                     | 15%                      | 31%                     |
| 2004 Q3                                     | 6%                       | 18%                     |
| 2004 Q4                                     | 9%                       | 17%                     |
| 2005 Q1                                     | 15%                      | 36%                     |
| 2005 Q2                                     | 15%                      | 35%                     |
| 2005 Q3                                     | 15%                      | 44%                     |
| 2005 Q4                                     | 19%                      | 39%                     |

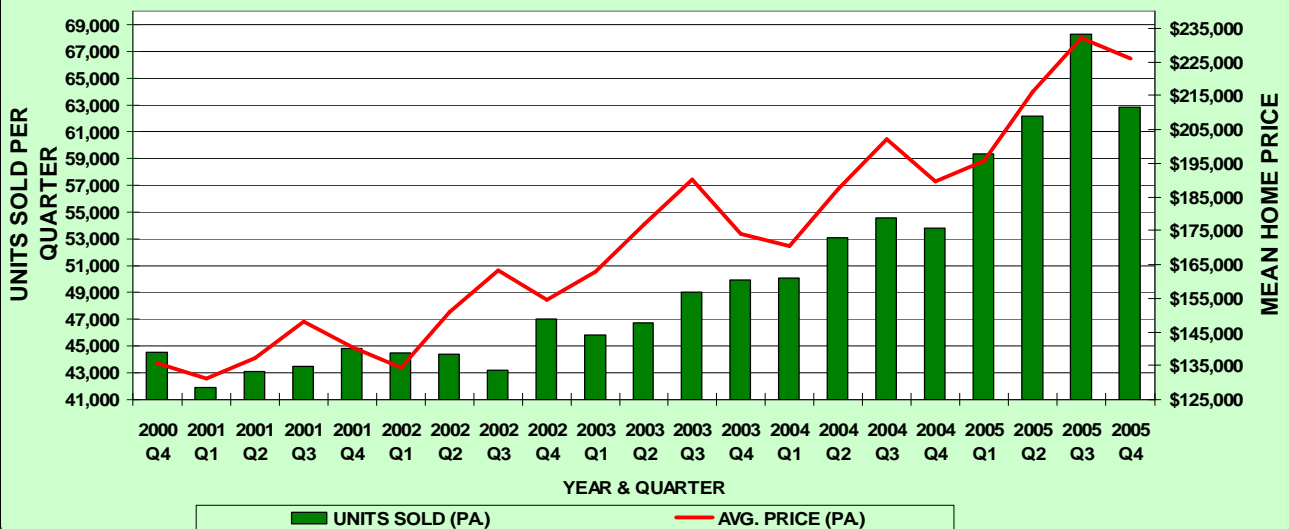
**A1. SALES VOLUMES & AVERAGE PRICES OF SINGLE FAMILY HOUSES  
IN PENNSYLVANIA**



### A 2. ANNUAL RATES OF CHANGE, PRICE & SALES VOLUME, PENNSYLVANIA



### A3. AVERAGE PRICES & UNITS SOLD PER QUARTER, SINGLE FAMILY HOMES IN PENNSYLVANIA



**FOR RELEASE APRIL 1, 2001:**

**Home Inspections Integral Part of Real Estate Process;  
First-Ever Home Inspection Industry Study Shows**

DES PLAINES, Ill. - According to the results of the first-ever Home Inspection Industry Study, seventy-seven (77%) percent of all recent home buyers obtained a home inspection prior to the purchase of their homes. Among these home buyers, ninety-seven (97%) percent believe that the home inspection was a good value for the price they paid.

In the survey, conducted by the American Society of Home Inspectors (ASHI) in conjunction with the National Association of Realtors (NAR), findings indicate that home inspectors, professionals hired to inspect homes bought and sold, have become an integral part of the real estate process.

"It's clear from this survey that home inspections are utilized more now than ever before," said ASHI President John Ghent of the study that surveyed 1,000 home buyers and 900 real estate agents. "We're also happy to hear that consumers are more confident buying or selling a home when they involve home inspection professionals."

He noted that on a scale of 1 to 5 (with 1 being "strongly disagree" and 5 being "strongly agree") home buyers scored a 4.51, indicating that a home inspection increases their confidence in their purchase.

Ghent also discussed the implications of the survey results, saying that this will help both ASHI and NAR develop programs that support the professional goals of their members.

**Key Findings**

The study surveyed home buyers and real estate agents via an omnibus poll, the results of which were projectable at two standard deviations (a 95% confidence interval). The poll was also divided regionally between the Midwest, Northeast, South, and West. Key findings included:

- Nearly all realtors (99%) recommend that the buyer get a home inspection, with 92% saying they ALWAYS make this recommendation, and an additional 7% saying they OFTEN do so.
- The West Region had the highest likelihood (81%) of a home buyer getting a home inspection prior to the purchase of a home.

These and other results, as well as additional information on the methodology employed in the study, are available from ASHI.