

Condo prices exceed single-family homes

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Sales of existing condominiums and co-ops rose 8% in 2004, the ninth consecutive year of record sales -- and the median price for a condo exceeded the median price of a single-family home for the first time since such records were kept. A total of 970,000 existing condos and co-ops were sold in 2004, according to the National Association of Realtors, up from the previous record of 898,000 units in 2003. The median condo price rose 17% to \$193,600, a record high, from \$164,100 in 2003. In contrast, the resale price for a single-family home was \$184,100. Last year marked the first time since such numbers were tracked beginning in the 1980s that the median sales price of a condo in the U.S. surpassed that of a median home price. The median price of a condo also rose faster than the price of a home in 2004 -- 17% compared with 8.3%. The existing condo market is about one-seventh the size of the existing home market, and existing home sales actually grew slightly faster than existing condo sales last year. One reason condos have grown more expensive is that they tend to be located in more-expensive urban areas. David Lereah, the National Association of Realtors' chief economist, said the sales performance reflects the significance of condo sales in the overall housing market. "The condo market has clearly matured over the last decade, accounting for a market share almost as big as the new-home market," he said. Celia Chen, a senior economist with forecasting and consulting firm Economy.com of West Chester, Pa., said she was surprised to see the 2004 median existing home price was lower than the existing condo price. "This says condo demand is very strong in downtown urban areas, and some of that may be due to empty nesters returning to urban cores and driving up demand for luxury apartment buildings," she said. Ms. Chen and others, including the National Association of Realtors, stress that strong national prices may be skewed somewhat by condo-heavy markets, such as New York and Chicago. The fourth quarter of 2004 marked the second quarter since the early 1980s that the price of a condo exceeded the price of a home. The median price of a condo rose 16.7% in the fourth quarter to \$203,200. The typical single-family home cost \$187,500 in the fourth quarter, 8.8% higher than a year earlier, according to the National Association of Realtors.