



JOINT ECONOMIC COMMITTEE
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CHAIRMAN



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SCHUMER: PLUNGING HOME SALES ACROSS U.S. CAUSE FOR CONCERN AS SUBPRIME FORECLOSURES MOUNT

*Previous Report by Joint Economic Committee on Subprime Mortgage
Fallout Indicates More Subprime Foreclosures to Come, Compounding
Already Sinking Existing Home Sales Revealed by the Nat'l Assn of Realtors*

*JEC Chairman Urges Curbing of Subprime Foreclosures to Shore Up
Sagging Housing Market; Buyers' Anxiety About Home Prices Falling
Could Add to Further Sales Slowdown*

Washington, DC: Today the National Association of Realtors (NAR) released figures showing an 8.4 percent drop in existing home sales. That is the largest monthly decline in 18 years according to news reports.

U.S. Senator Charles E. Schumer (D-NY), the chairman of the Joint Economic Committee (JEC), released a report earlier this month showing that rising subprime mortgage foreclosures could lead to further weakening of the housing market as more supply is dumped onto the market. In response to today's disappointing housing numbers, Sen. Schumer reiterated his support to help existing homeowners by stemming the tide of avoidable subprime foreclosures.

“Every day we are seeing new evidence that it is getting tougher for Americans to buy a home, keep a home, and now sell a home. With a brewing storm of subprime mortgage foreclosures on the horizon, the quickest way to instill more confidence in the overall housing market is to curb the wave of foreclosures,” Sen. Schumer said.

The Joint Economic Committee released a report “[*Sheltering Neighborhoods from the Subprime Foreclosure Storm*](#),” which found that certain areas in the manufacturing belt of the Midwest, cities along the Northeastern corridor, Colorado, and the Sun Belt states—areas that experienced high foreclosure rates in 2006—are also seeing rises in the subprime delinquencies in the early months of 2007, indicating more foreclosure trouble to come.

The NAR report showed that existing home sales fell in all major U.S. regions. Sales were down 8.2% in the Northeast, down 10.9% in the Midwest, down 9.1% in the West, and down 6.2% in the South.

The 8.4 percent March decline in existing home sales is larger than the drop analysts had predicted, and attests to the ongoing weakness in housing. The steepness of the March drop can be partially attributed to weather-related factors (warmer temperatures earlier in the winter skewed sales forward).

On the price side, the NAR reported that the median sales price of existing homes of \$217,000 in March. That was 0.3 percent below the level a year earlier, as compared with a 1.0 percent 12-month drop in February.

The Joint Economic Committee, established under the Employment Act of 1946, was created by Congress to review economic conditions and to analyze the effectiveness of economic policy.

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