



JOINT ECONOMIC COMMITTEE
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SCHUMER: WITH HOME PRICES SUFFERING LARGEST DROP IN SIXTEEN YEARS AND HOME SALES FALLING AGAIN, WHITE HOUSE MUST NOT IGNORE OBVIOUS SIGNS OF CRISIS

*S&P/Case Shiller Index Show Home Prices Fall at a Record Rate in August
Marking the Largest Monthly Drop in 16 Years*

*Existing Home Sales Fall 3.8% in August, Leaving the Housing Market Saturated
with Unsold Homes According to the Realtors*

Washington, D.C. – **U.S. Senator Charles E. Schumer**, Chairman of the Joint Economic Committee and the Senate Housing Subcommittee, today reacted to new and troubling housing news. The S&P/Case Shiller home prices index of ten U.S. cities showed a 4.5 percent drop in housing prices in July compared to July 2006, the largest drop since July 1991. The twenty city index also fell, declining 3.9 percent. The National Association of Realtors announced that existing home sales in August fell for the sixth consecutive month, dropping 4.3 percent compared to July and 12.8 percent compared to August of 2006. Single family home sales fell 3.8 percent in August as compared to July, and were down 13.0 percent compared to August 2006.

“While the White House has pretended not to hear the steady drumbeat of bad news in the housing markets, American families continue to see the real value of their homes deteriorate month by month,” Schumer said. **“The spillover of the subprime mortgage mess into the larger housing market deserves a strong, decisive response from the administration to protect homeowners, consumer spending, and the overall economy before things get worse.”**

Housing Prices Continue to Fall at a Record Pace:

Home prices continue to fall at an increasing rate according to the monthly S&P/Case-Shiller's Home Prices Indices, which track housing prices in metropolitan areas and are considered a leading measure of U.S. single-family home prices. The 10-City Composite index showed an

annual decline of 4.5 percent (its biggest since 1991) and the 20-City Composite reported an annual decline of 3.9 percent.

While five metro areas – Atlanta, Charlotte, Dallas, Portland and Seattle – are still registering positive annual returns, all five have also shown a deceleration in the rate of growth of home prices, signaling that they are getting closer to joining the fifteen other cities surveyed which have registered declines in home prices.

Detroit, Tampa, San Diego, Phoenix, and Washington, have seen the largest decline in home prices relative to July of last year.

Sales of Existing Homes Reach Slowest Pace since 2005:

Sales of existing homes were down 4.3 in August, or 12.8 percent over the past 12 months according to the National Association of Realtors. Single-family sales were down 3.8 percent month-to-month and 13.0 percent over past 12 months.

Total housing inventory rose 0.4 percent at the end of August to 4.58 million existing homes available for sale, which represents a 10.0-month supply at the current sales pace, up from a 9.5-month supply in July.

Regionally, the West was hardest hit in August, with existing-home sales falling 9.8 percent in August to a level of 1.01 million, 21.7 percent below August 2006 levels. The Midwest did not fare much better, with sales falling 5.2 percent from July and 10.5 percent compared to a year ago. In the South and Northeast, sales fell by 2.7 and 2.0 percent respectively from July, and 12.7 and 5.7 percent respectively from August 2006.

Schumer's Foreclosure Prevention and Mortgage Broker Plans:

Senator Schumer has been at the forefront of Congressional efforts to contain the subprime market crisis and ensure that irresponsible underwriting of this magnitude is not allowed to happen again. This month, Schumer introduced legislation to lift the GSE conforming loan limit to above the current \$417,000 maximum and to temporarily lift the portfolio caps on Fannie Mae and Freddie Mac, allowing them to provide liquidity in the mortgage market. Senator Schumer also fought for \$100 million in funding to housing non-profits that help negotiate between borrowers and lenders to keep families in their homes, which passed the full Senate last week.

In May, Schumer introduced sweeping legislation to deal with unscrupulous lending practices this Congress, the Borrowers Protection Act, which would upgrade standards that mortgage brokers and originators must abide by when making new loans to borrowers.

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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