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Housing Inventory Declines

By JAMES R. HAGERTY

The number of homes listed for sale declined in many U.S. cities in November, but more houses are likely to hit the market early in 2010.

The supply of homes available for sale in 27 major metropolitan areas at the end of November was down 2.4% compared with a month earlier, according to figures compiled by [ZipRealty Inc.](#), a real-estate brokerage firm based in Emeryville, Calif.

Inventories typically decrease modestly in November compared with the previous month, according to Zelman & Associates, a research firm. Over the past 25 years, the average change has been a decline of 1.8%.

The November inventory in the 27 metro areas was down 28% compared with the year-earlier period, according to ZipRealty. The ZipRealty data cover all single-family homes, condominiums and town houses listed on local multiple-listing services in metro areas where the firm operates.

The Zip data, however, don't include New York. Miller Samuel Inc., an appraisal firm there, reports there were 7,667 cooperative apartments and condominiums on the market in the borough of Manhattan at the end of November. That was down 7.1% from the end of October, and down 18% from November 2008.

The exact level of supply is impossible to pin down, partly because multiple listing services don't include all the foreclosed homes that banks are preparing to put on the market. As of the end of October, banks and mortgage investors had 639,000 foreclosed homes for sale across the U.S., Barclays Capital estimates. That's equivalent to more than 10% of expected U.S. home sales this year. The bank-owned homes are largely concentrated in Florida, California, Arizona and Nevada.

October was the first month since January to show a rise in the estimated number of bank-owned homes. The supply had dipped over the summer because efforts to keep families in their homes with easier loan terms slowed down the legal process of foreclosure. Meanwhile, the backlog of homes heading for foreclosure has been building up. "We expect a rebound in distressed inventory in the coming months," says Glenn Boyd, a senior analyst at Barclays.

An estimated 7.5 million households are behind on mortgage payments or in the foreclosure process, and a large share of those homes eventually are likely to be put on the market.

At the same time, many homeowners have been awaiting signs of a stronger market before trying to sell. They are likely to put up for-sale signs early in the new year to attract buyers seeking to qualify for a federal tax credit on purchases of

homes made before the end of April, says Patrick Lashinsky, chief executive officer of ZipRealty.

"There is going to be a lot more inventory on the market by February or March," he predicts.

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