

Economics Group

Mark Vitner, Senior Economist
mark.vitner@wellsfargo.com • 704-383-5635
 Anika R. Khan, Economist
anika.khan@wellsfargo.com • 704-715-0575

Existing Home Sales Up More Than Expected in September

Sales of existing homes rose 10 percent in September, which was much stronger than expected. Single family and condos increased for the second consecutive month, we do not foresee a genuine recovery yet.

Distressed Transactions Still Increasing

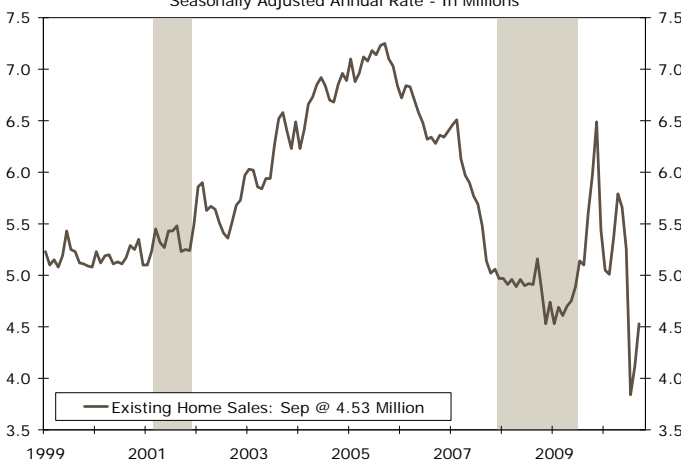
- Sales of existing homes rose to a 4.53 million-unit pace from a slightly downwardly revised 4.12 million-unit pace. First-time homebuyers accounted for 32 percent of sales in September and distressed transactions accounted for 35 percent, which was a slight uptick from the prior month. The combination of excess supply and increasing distressed transactions will continue to put downward pressure on home prices.

Sales Increase, but Still Not a Genuine Recovery

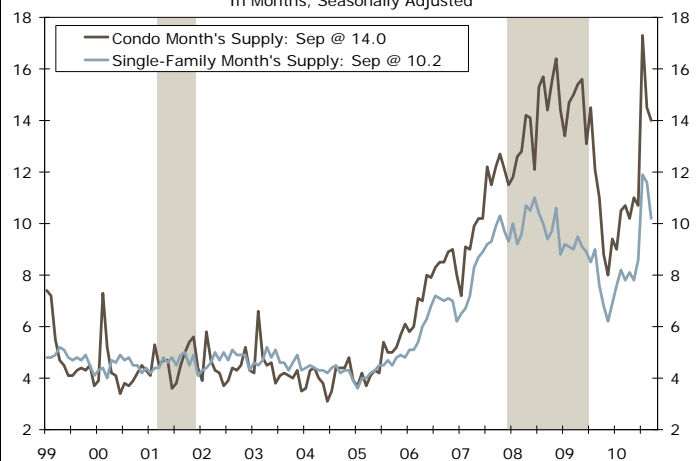
- The number of homes for sale fell 1.9 percent to 4.04 million. There is currently a 10.2-month supply of single family homes and a 14.0-month supply of condominiums on the market.
- In the coming months, existing home sales should increase modestly, but growth will not be due to a genuine housing recovery. We do not expect to see a significant pick up in sales until employment and income growth are more sustainable.

Existing Home Resales

Seasonally Adjusted Annual Rate - In Millions

**Existing Home Supply**

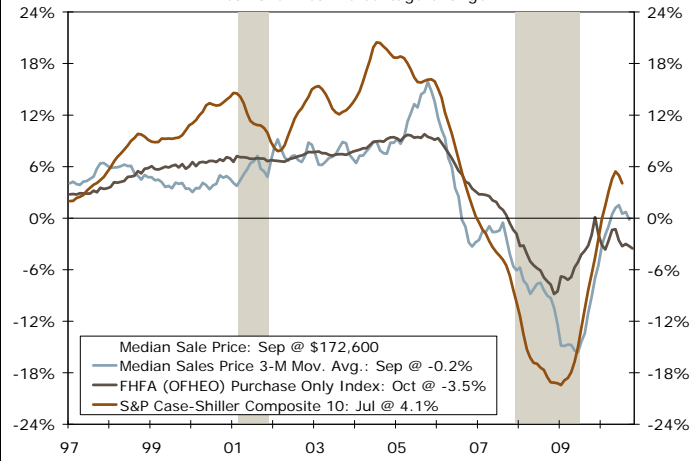
In Months, Seasonally Adjusted

**Existing & New Single Family Home Sales**

Seasonally Adjusted Annual Rate - In Millions

**Home Prices**

Year-over-Year Percentage Change



Source: U.S. Department of Commerce, FHFA, National Association of Realtors, S&P and Wells Fargo Securities, LLC

Wells Fargo Securities, LLC Economics Group

Diane Schumaker-Krieg	Global Head of Research & Economics	(704) 715-8437 (212) 214-5070	diane.schumaker@wellsfargo.com
John E. Silvia, Ph.D.	Chief Economist	(704) 374-7034	john.silvia@wellsfargo.com
Mark Vitner	Senior Economist	(704) 383-5635	mark.vitner@wellsfargo.com
Jay Bryson, Ph.D.	Global Economist	(704) 383-3518	jay.bryson@wellsfargo.com
Scott Anderson, Ph.D.	Senior Economist	(612) 667-9281	scott.a.anderson@wellsfargo.com
Eugenio Aleman, Ph.D.	Senior Economist	(612) 667-0168	eugenio.j.aleman@wellsfargo.com
Sam Bullard	Senior Economist	(704) 383-7372	sam.bullard@wellsfargo.com
Anika Khan	Economist	(704) 715-0575	anika.khan@wellsfargo.com
Azhar Iqbal	Econometrician	(704) 383-6805	azhar.iqbal@wellsfargo.com
Ed Kashmarek	Economist	(612) 667-0479	ed.kashmarek@wellsfargo.com
Tim Quinlan	Economist	(704) 374-4407	tim.quinlan@wellsfargo.com

Wells Fargo Securities Economics Group publications are produced by Wells Fargo Securities, LLC, a U.S broker-dealer registered with the U.S. Securities and Exchange Commission, the Financial Industry Regulatory Authority, and the Securities Investor Protection Corp. Wells Fargo Securities, LLC, distributes these publications directly and through subsidiaries including, but not limited to, Wells Fargo & Company, Wells Fargo Bank N.A, Wells Fargo Advisors, LLC, and Wells Fargo Securities International Limited. The information and opinions herein are for general information use only. Wells Fargo Securities, LLC does not guarantee their accuracy or completeness, nor does Wells Fargo Securities, LLC assume any liability for any loss that may result from the reliance by any person upon any such information or opinions. Such information and opinions are subject to change without notice, are for general information only and are not intended as an offer or solicitation with respect to the purchase or sales of any security or as personalized investment advice. Wells Fargo Securities, LLC is a separate legal entity and distinct from affiliated banks and is a wholly owned subsidiary of Wells Fargo & Company © 2010 Wells Fargo Securities, LLC.

SECURITIES: NOT FDIC-INSURED/NOT BANK-GUARANTEED/MAY LOSE VALUE