



Economics Group

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Existing Home Sales Unexpectedly Dip in February

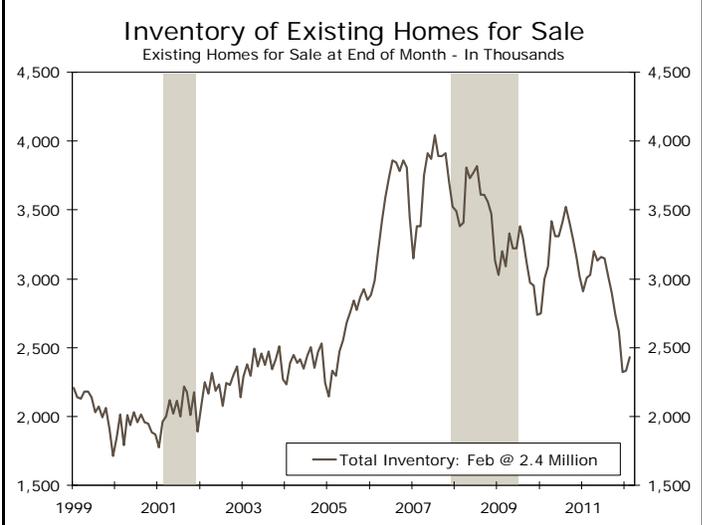
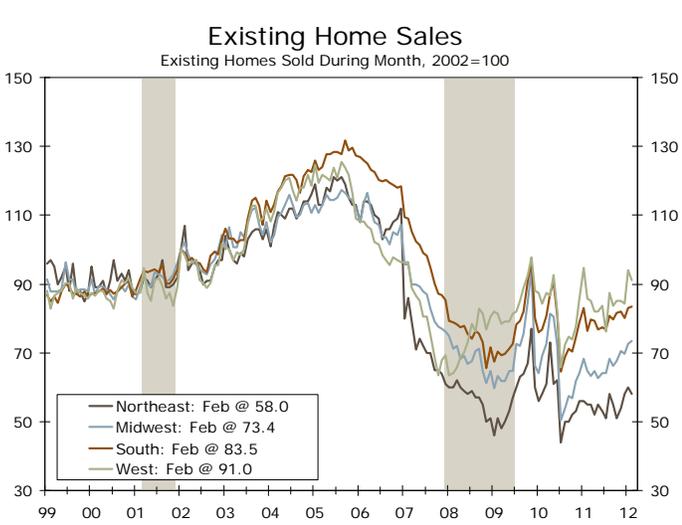
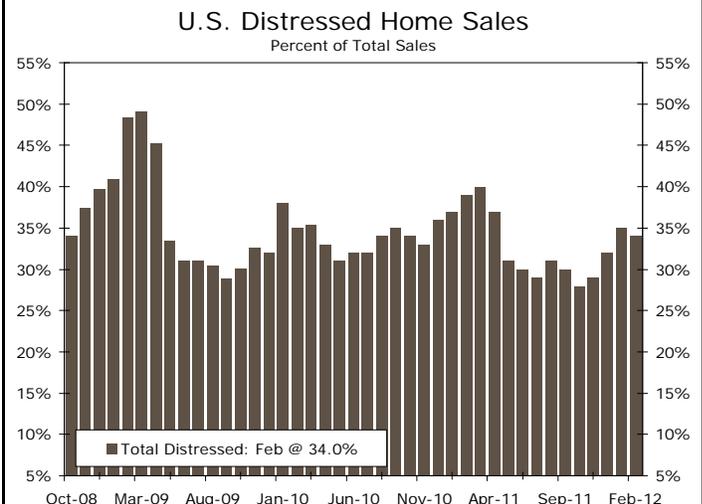
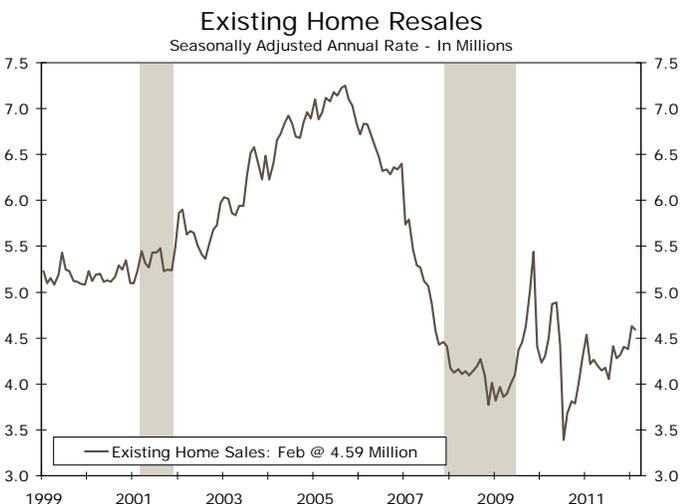
Sales of existing homes fell 0.9 percent in February to a 4.59 million-unit pace from an upwardly revised 4.63 million-unit pace in January. The pull back is likely payback for the unseasonably warm weather.

Unexpected Dip, but Modest Momentum Expected

- February existing homes sales fell 0.9 percent, but remain up 8.8 percent on a year-ago basis. As noted on numerous occasions, the decline likely reflects monthly volatility due to the unseasonably warm weather during the normally slow winter months. That said, we still continue to expect modest sales activity in the coming months. Also, due to well known impediments, the road to recovery will be long and gradual.

Distressed Transactions Still a Significant Portion

- Distressed transactions still accounted for a significant proportion of closings, at 34 percent, with 20 percent reported as foreclosures and 14 percent as short sales. At 31 percent, contract failures also continue to be an issue. One positive note, however, is that all-cash sales remained solid, accounting for 33 percent of all transactions. The inventory of homes available for sale rose 4.3 percent to 2.43 million units, which is a 6.4-month supply.



Source: National Association of Realtors and Wells Fargo Securities, LLC

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