



# Economics Group

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## Existing Home Sales Slide as Contract Cancellations Jump

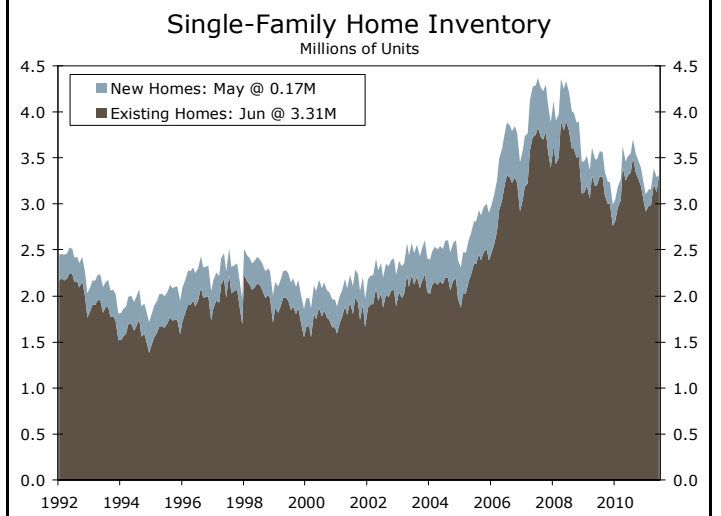
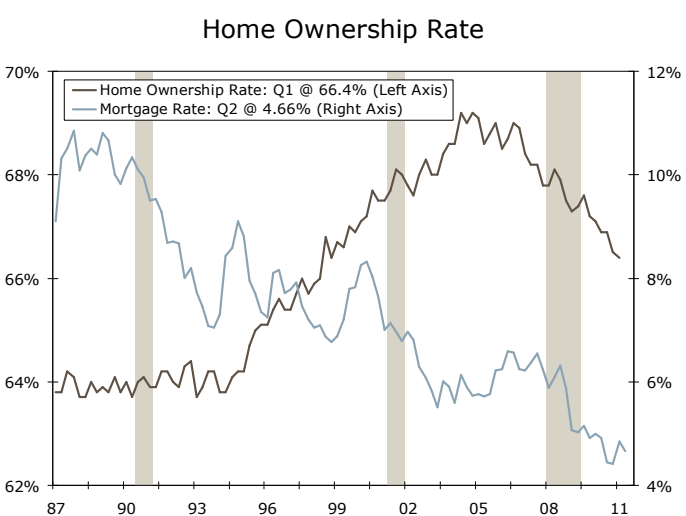
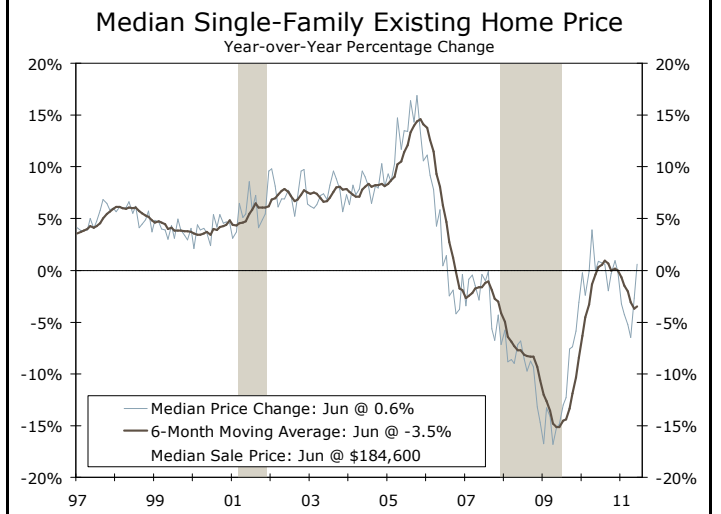
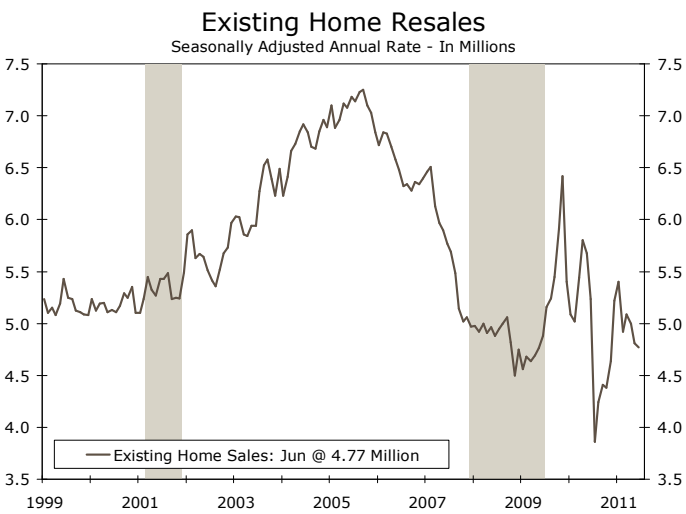
*Existing home sales fell 0.8 percent in June to a 4.77 million-unit pace. Contract cancellations spiked, likely reflecting the ongoing tug from unusually conservative appraisals and tight mortgage underwriting.*

### Existing Home Sales Stumble in June

- Sales of existing homes ran into some unexpected turbulence in June. Overall sales fell 0.8 percent as a huge spike in contract cancellations held back closings. Buyers and sellers are increasingly running up against conservative appraisals, which often cause deals to fall through or be delayed.
- The NAR noted that 16 percent of its members had a sale cancelled in June, up from 4 percent in May.

### Changes in the Mix of Sales Help Boost Prices

- The 0.8 percent rise in home prices reflects changes in the mix of sales, with fewer first-time buyers and less distressed sales.
- The inventory of homes available for sale rose 3.3 percent to 3.77 million units, representing a 9.5 month supply. The combination of higher inventories and overhang of foreclosed properties has led to unusually cautious appraisals and tighter mortgage underwriting, which is undoubtedly weighing on sales.



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

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