



# Economics Group

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## Investors Boost Existing Home Sales in August

**Sales of existing homes increased 7.7 percent in August to an annualized rate of 5.03 million units. Single-family sales accounted for most of the gain as all four regions of the country reported increased sales activity.**

### Home Sales Surprise to the Upside

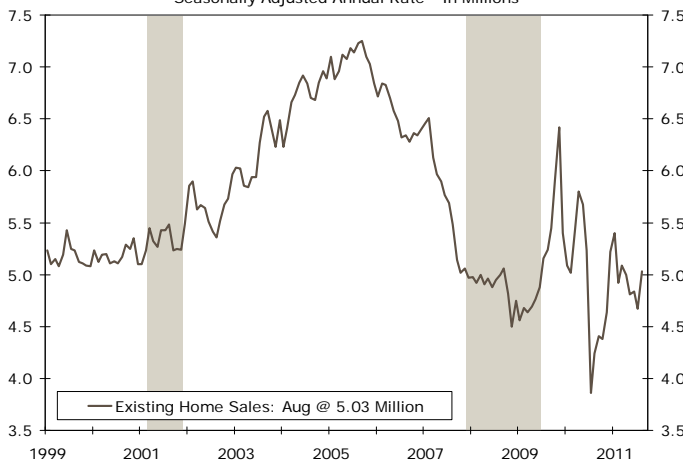
- Following several months of weakening sales activity, existing home sales increased last month as investors stepped up their purchases of distressed properties. All cash deals, which are favored by investors, accounted for 29 percent of all sales.
- Contract cancellations remained exceptionally high, however, reflecting tighter credit underwriting and conservative appraisals.

### Sales Outlook Remains Grim

- With economic growth sputtering, the modest recovery we have seen so far in home sales is likely to become even more sluggish. Near-record home affordability, tougher appraisals, tighter lending standards, home price uncertainty and a lousy labor market should continue to weigh on home sales and starts. Our modest expectations of flat home sales in 2011 now looks like they will decline to an annualized pace of 4.88 million units.

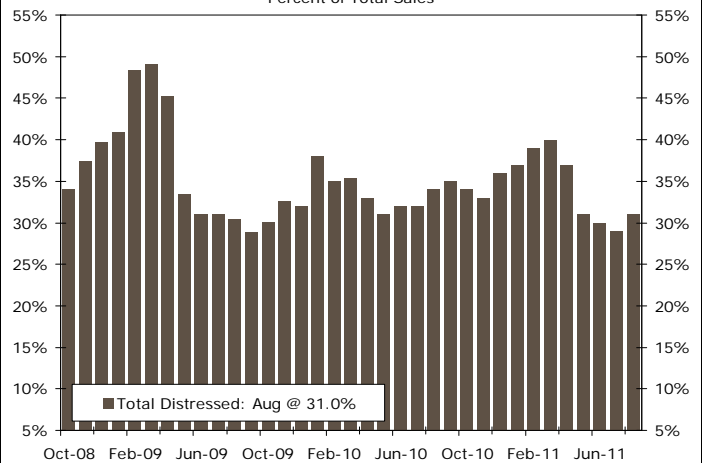
Existing Home Resales

Seasonally Adjusted Annual Rate - In Millions



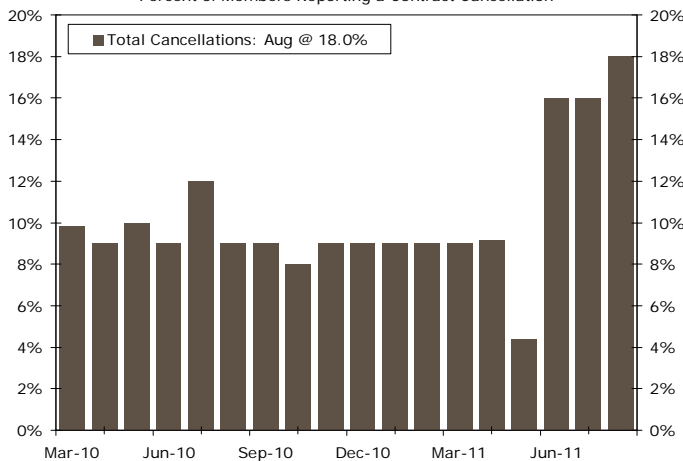
U.S. Distressed Home Sales

Percent of Total Sales



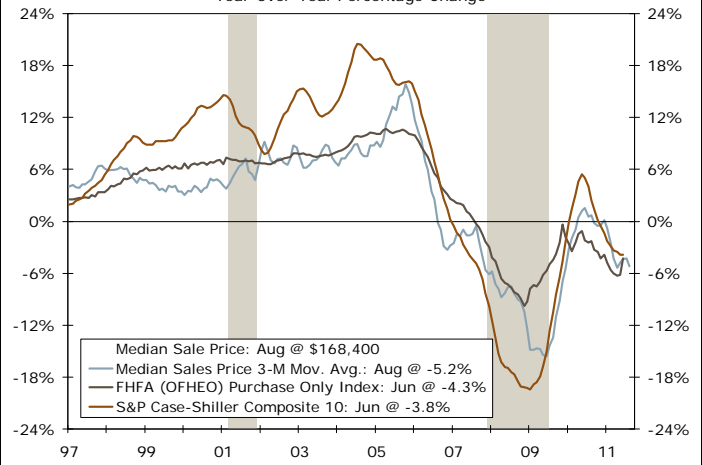
Existing Sales Contract Cancellations

Percent of Members Reporting a Contract Cancellation



Home Prices

Year-over-Year Percentage Change



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