



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 Came in Better than Expected in October

Sales of existing homes rose 1.4 percent in October to a 4.97 million-unit pace from a slightly downward revision to 4.90 million-unit pace in September. Contract cancellations jumped to 33 percent.

Contract Cancellations Still Major Roadblock

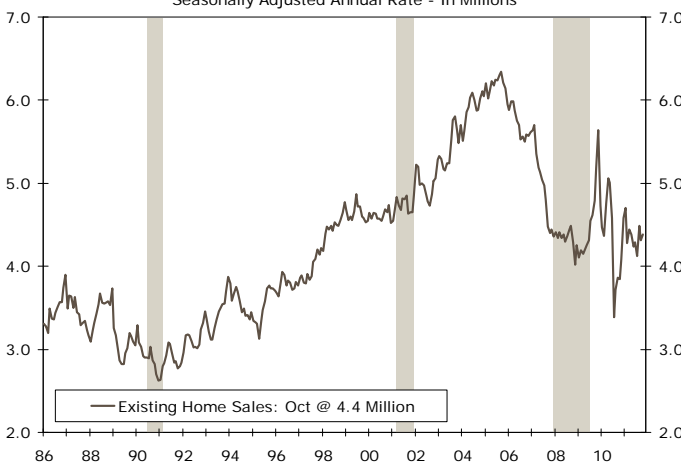
- Contrary to the sharp drop in pending home sales, existing home sales surprisingly rose 1.4 percent in October. Contract cancellations, however, spiked to 33 percent, the highest on record. The jump reflects mortgage applications being rejected or appraised values coming in below the negotiated price. On a regional basis, existing home sales rose in every region with the exception of the Northeast, where sales fell 5.1 percent.

Bargain Hunters Still in the Market

- Distressed transactions still accounted for a significant portion of closings, at 28 percent, but the share is substantially lower than the 34 percent reported a year ago.
- The inventory of single-family homes available for sale fell 2.2 percent to 3.33 million units. Conservative appraisals, however, continue to keep many would-be sellers on the sidelines. The months supply is now 8.0 months.

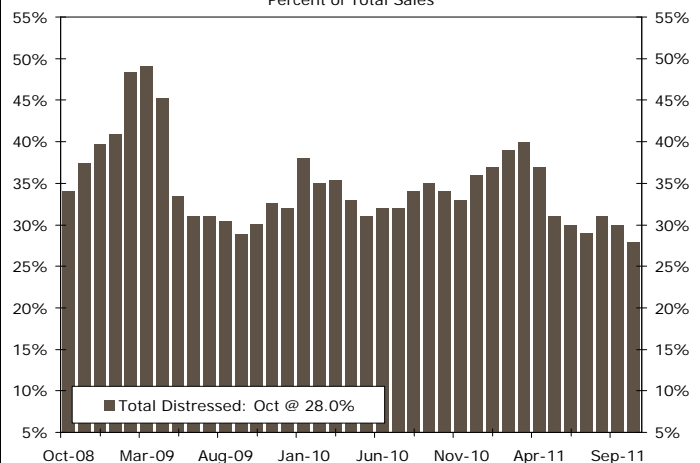
Existing Single-Family Home Resales

Seasonally Adjusted Annual Rate - In Millions



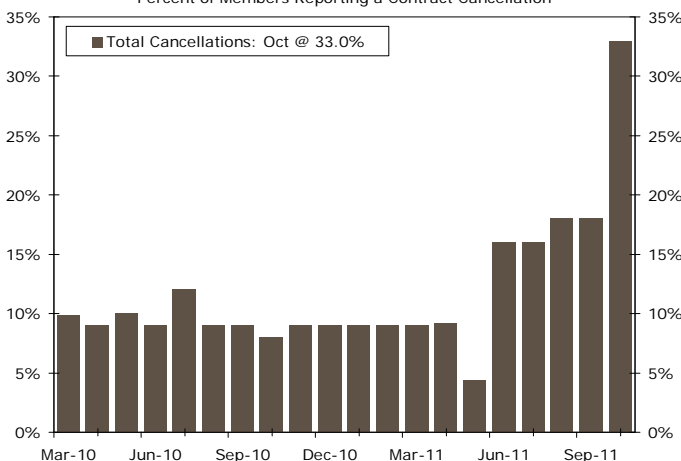
U.S. Distressed Home Sales

Percent of Total Sales



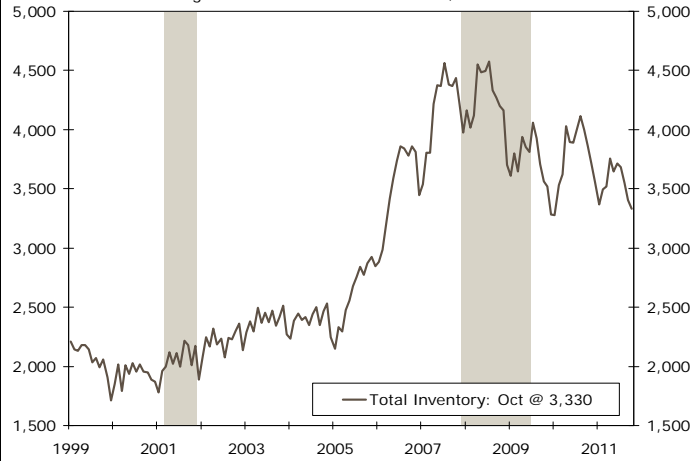
Existing Sales Contract Cancellations

Percent of Members Reporting a Contract Cancellation



Inventory of Existing Homes for Sale

Existing Homes for Sale at End of Month, In Thousands



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	(704) 715-0314	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
Michael A. Brown	Economist	(704) 715-0569	michael.a.brown@wellsfargo.com
Joe Seydl	Economic Analyst	(704) 715-1488	joseph.seydl@wellsfargo.com
Sarah Watt	Economic Analyst	(704) 374-7142	sarah.watt@wellsfargo.com
Kaylyn Swankoski	Economic Analyst	(704) 715-0526	kaylyn.swankoski@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, Wells Fargo Securities International Limited, Wells Fargo Securities Asia Limited and Wells Fargo Securities (Japan) Co. 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 © 2011 Wells Fargo Securities, LLC.

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