



Economics Group

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Existing Home Sales Rose in November

Sales of existing homes rose to a 4.68 million-unit pace in November, but the increase is not likely the start of a genuine recovery in housing. Single family sales rose 6.7 percent, while condo sales fell 1.9 percent.

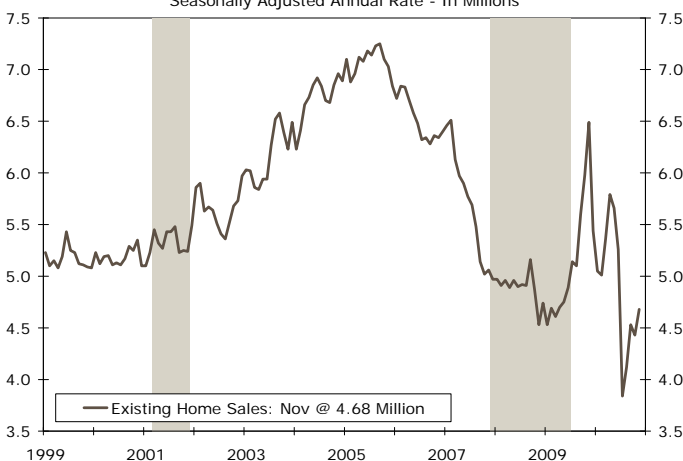
Distressed Transactions Still A Large Portion of Sales

- Sales of existing homes rose 5.6 percent in November with single family sales responsible for the increase. Distressed transactions, however, still account for a significant portion of total sales at 33 percent. Moreover, the oversupply of existing homes continues to be a substantial obstacle for the housing market. At the current rate of sales, it would take 9.3 months to clear the supply of single family homes.

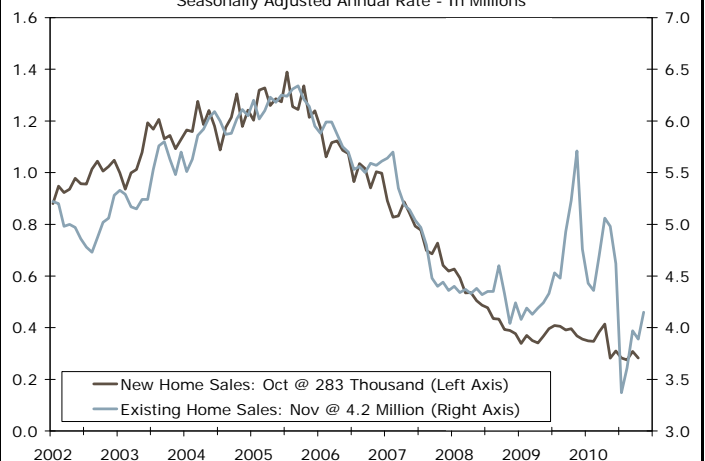
Sales Increase, but Still Not a Genuine Recovery

- In the coming months, existing home sales should increase only modestly. We do not expect to see a significant pick up in sales until employment and income growth are on more solid footing.
- In a separate report, home prices as measured by the FHFA Home Price Index rose an unexpected 0.7 percent in October. The uptick will be unsustainable, however. The vast supply of homes in foreclosure will continue to weigh down home prices.

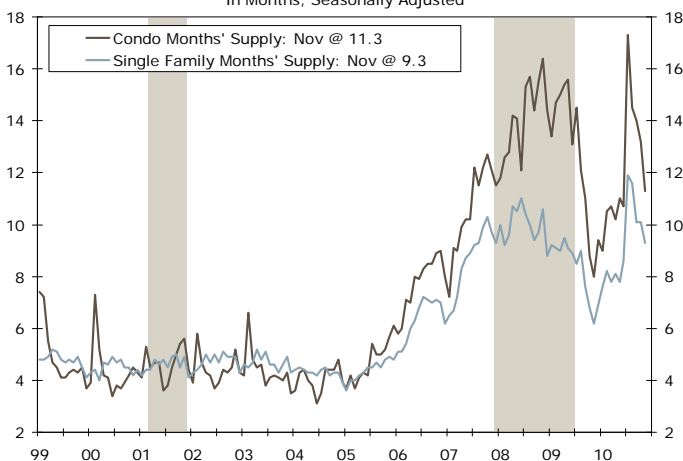
Existing Home Resales
 Seasonally Adjusted Annual Rate - In Millions



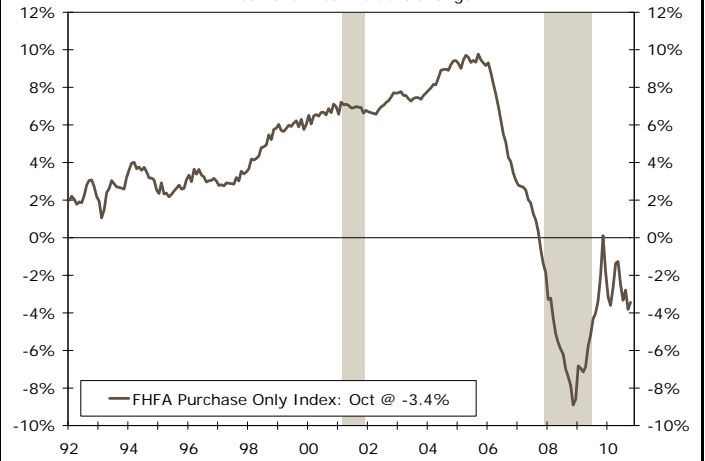
Existing & New Single Family Home Sales
 Seasonally Adjusted Annual Rate - In Millions



Existing Home Supply
 In Months, Seasonally Adjusted



FHFA Purchase-Only Index
 Year-over-Year Percent Change



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

Wells Fargo Securities, LLC Economics Group

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