

Economics Group

Adam G. York, Economist
adam.york@wachovia.com • 704.715.9660

Existing Home Sales Hang on for One More Month

Sales of existing homes jumped more than 10 percent to a 6.1 million annual unit pace—the fastest pace since early 2007. The expected expiration of the first-time homebuyer tax credit likely fueled the gains.

Sales Sharply Higher on Tax Credit

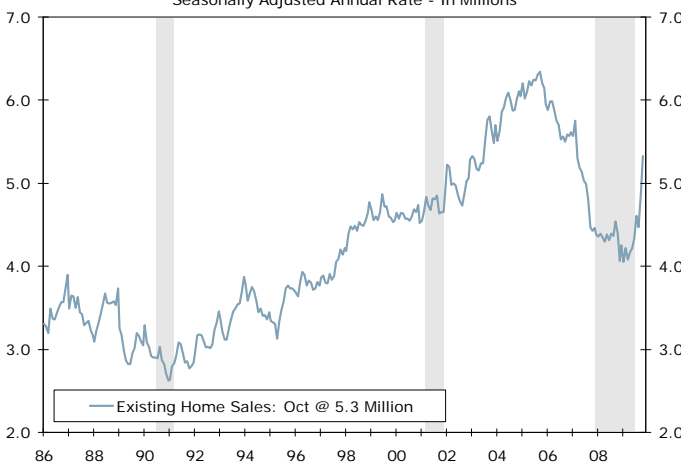
- Sales soared for the second straight month as buyers rushed to take advantage of the first-time homebuyer tax credit, which was originally scheduled to expire at the end of November. Sales are up an astonishing 19.8 percent over the last two months. Unfortunately, we do not expect this sales pace to be sustainable. Considerable payback may appear in November or December before the tax credit extension appears in the data.

Inventory and Prices Both Lower

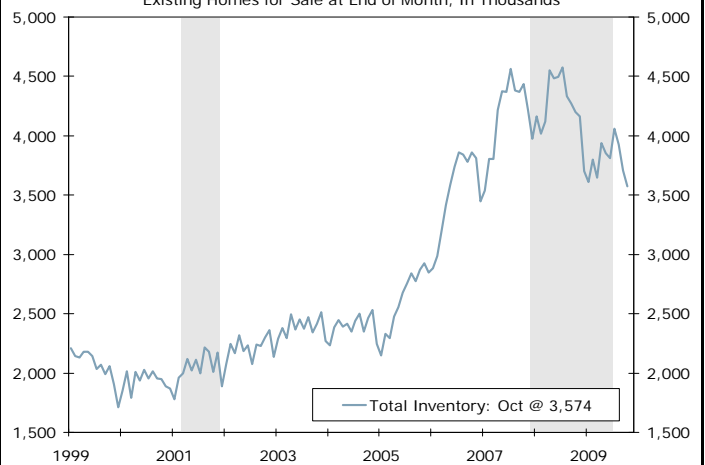
- Existing inventory saw solid improvement and has declined to early 2007 levels. We still have a long way to go until equilibrium, though the lower end of the market may be closer to balance as a result of tax credit-fueled activity.
- Median and average prices both saw declines as the mix of properties sold skewed towards properties eligible for the first-time homebuyer tax credit.

Existing Single-Family Home Resales

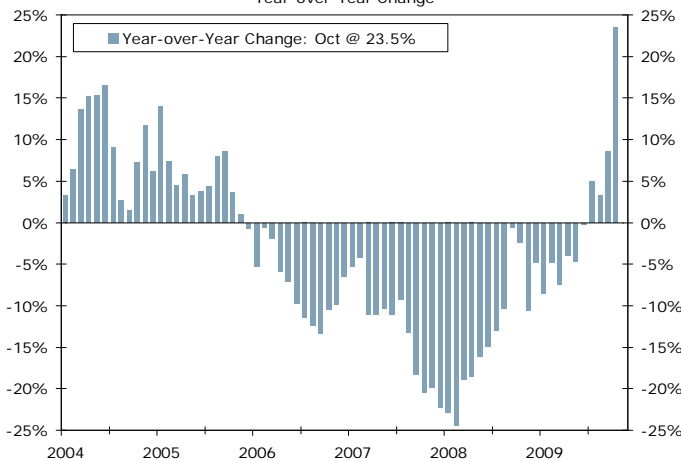
Seasonally Adjusted Annual Rate - In Millions

**Inventory of Existing Homes for Sale**

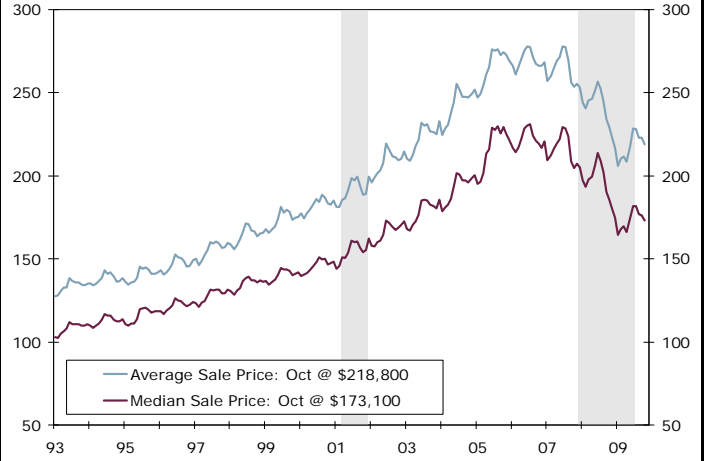
Existing Homes for Sale at End of Month, In Thousands

**Existing Home Resales**

Year-over-Year Change

**Existing Single-Family Home Prices**

In Thousands



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

Wells Fargo Securities, LLC Economics Group

Diane Schumaker-Krieg	Global Head of Research & Economics	(704) 715-8437 (212) 214-5070	diane.schumaker@wachovia.com
John E. Silvia, Ph.D.	Chief Economist	(704) 374-7034	john.silvia@wachovia.com
Mark Vitner	Senior Economist	(704) 383-5635	mark.vitner@wachovia.com
Jay Bryson, Ph.D.	Global Economist	(704) 383-3518	jay.bryson@wachovia.com
Scott Anderson, Ph.D.	Senior Economist	(612) 667-9281	scott.a.anderson@wellsfargo.com
Eugenio Aleman, Ph.D.	Senior Economist	(612) 667- 0168	eugenio.j.aleman@wellsfargo.com
Sam Bullard	Economist	(704) 383-7372	sam.bullard@wachovia.com
Anika Khan	Economist	(704) 715-0575	anika.khan@wachovia.com
Azhar Iqbal	Econometrician	(704) 383-6805	azhar.iqbal@wachovia.com
Adam G. York	Economist	(704) 715-9660	adam.york@wachovia.com
Ed Kashmarek	Economist	(612) 667-0479	ed.kashmarek@wellsfargo.com
Tim Quinlan	Economic Analyst	(704) 374-4407	tim.quinlan@wachovia.com
Kim Whelan	Economic Analyst	(704) 715-8457	kim.whelan@wachovia.com
Yasmine Kamaruddin	Economic Analyst	(704) 374-2992	yasmine.kamaruddin@wachovia.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, Wachovia Bank N.A., Wells Fargo Bank N.A., Wells Fargo Advisors, LLC, and Wells Fargo Securities International 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 © 2009 Wells Fargo Securities, LLC.

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