



Economics Group

Mark Vitner, Senior Economist
mark.vitner@wellsfargo.com • (704) 383-5635
 Anika Khan, Economist
anika.khan@wellsfargo.com • (704) 715-0575

Home Sales Rose in October, but Prior Month Revised Down

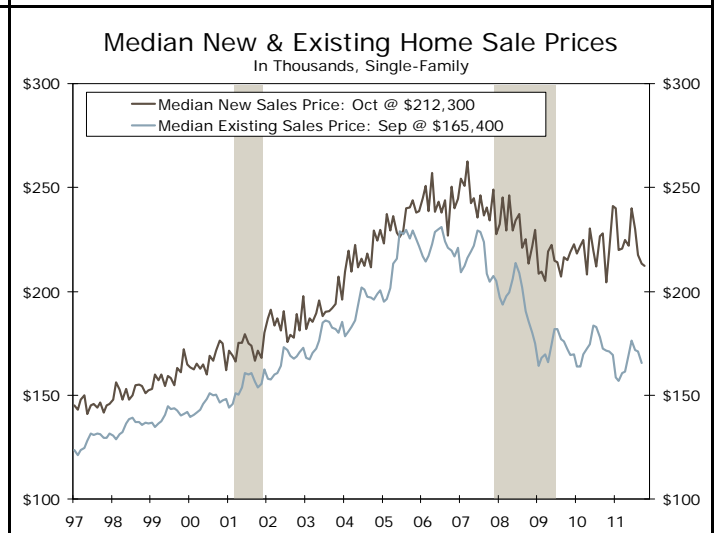
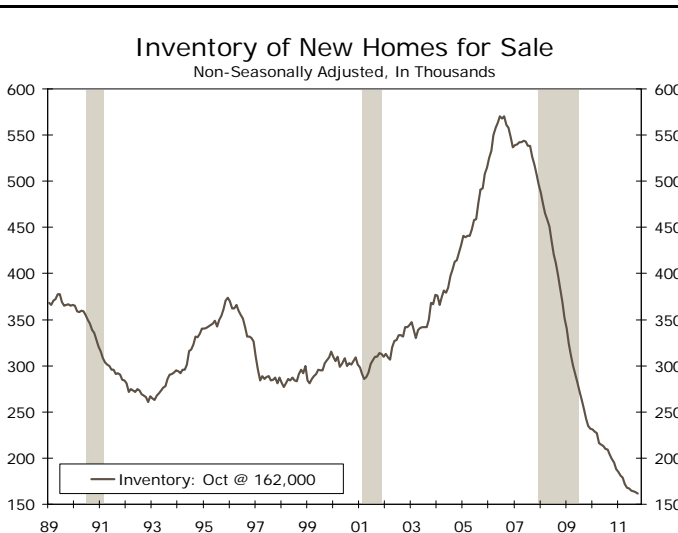
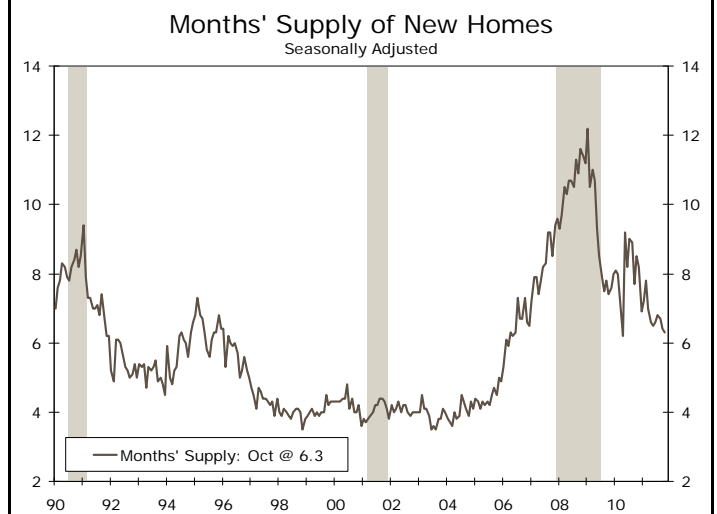
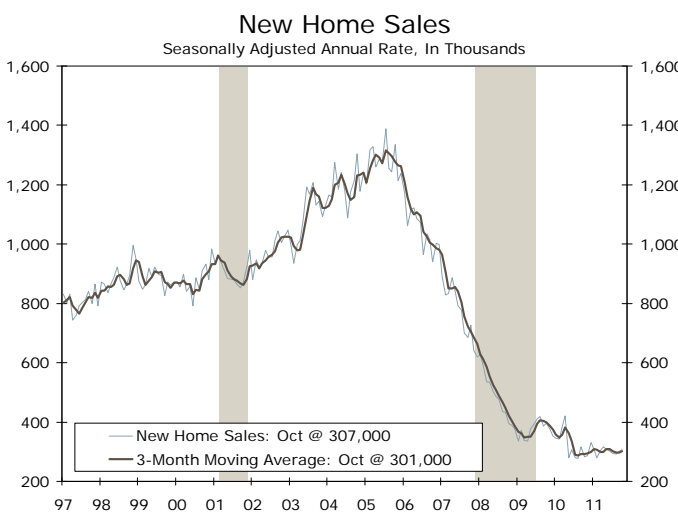
New homes sales rose 1.3 percent in October from a downwardly revised pace in September. At a 307,000-unit pace, new home sales are roughly in line with their average pace for the past 18 months.

New Home Sales on Pace for Record-Low Year

- New home sales rose 1.3 percent to a 307,000-unit pace in October. Net revisions from the prior three months, however, subtracted 15,000 units. Just 260,000 new homes have been sold through October, which puts 2011 sales on track for a modern-era low of around 303,000 units.
- Sluggish sales and low prices for existing homes have kept builders on the sidelines, sending inventories to a 49-year low.

Sales of Lower-Priced Homes Pick Up the Most

- On a months' supply basis, new home inventory declined a 10th to 6.3 months, which is the lowest it has been since July 2006.
- Sales picked up in the West and Midwest but fell in the South. Homes priced at the lower end picked up the most, with sales of homes priced under \$150,000 rising to 24 percent of total sales in October from 16 percent in September. Builders are better able to compete with foreclosures at lower price points.



Source: U.S. Department of Commerce, NAR 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@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

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