



# Economics Group

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## Existing Home Sales Came in Better than Expected in July

*Despite rising mortgage rates, existing home sales posted a better-than-expected 6.5 percent gain in July. However, inventories rose for the sixth month, but remain at a historically low level. Distressed sales were unchanged.*

### Inventories Remain Tight

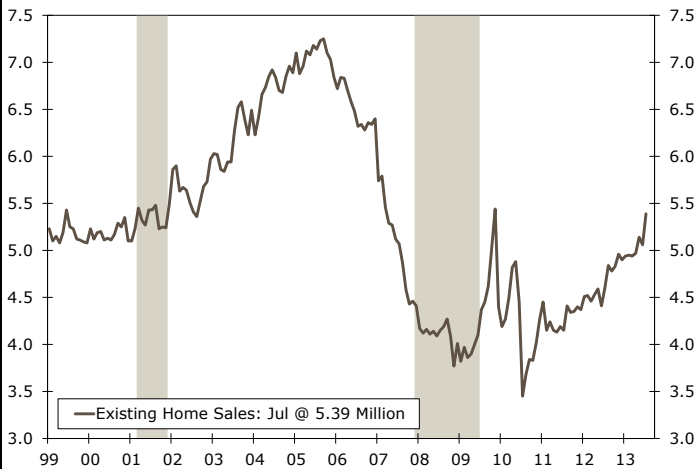
- Existing home sales rose 6.5 percent in July to a 5.39 million-unit pace, the highest level since 2009. However, the downward revision to the previous month was the one sobering component of the report. Listed inventories rose 5.6 percent to 2.28 million homes, which represents a 5.1 month supply. We continue to believe inventories bottomed earlier this year, which suggests robust price gains will begin to moderate.

### First-Time Homebuyers Still Not in the Game

- First-time homebuyers remained largely on the sidelines representing just 29 percent of sales. Tight lending standards continue to be the largest obstacle. According to the NAR, over 90 percent of first-time homebuyers obtained a mortgage in the first half of the year. That said, investor activity has fallen over the last three months. Sales below \$100k are now down 8.6 percent the past year with the West down nearly 45 percent.

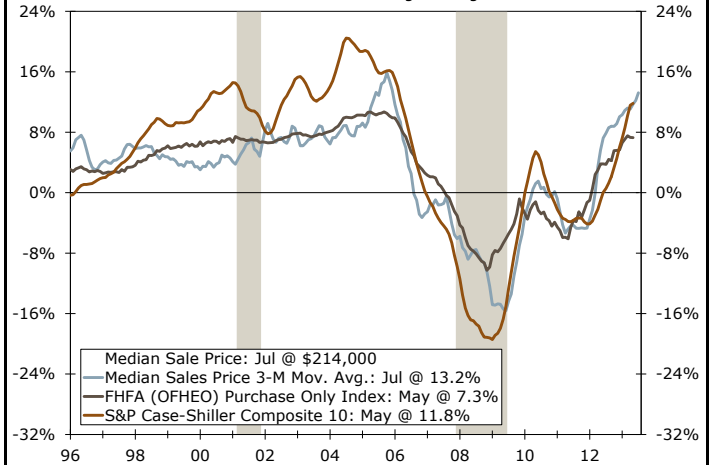
**Existing Home Resales**

Seasonally Adjusted Annual Rate - In Millions



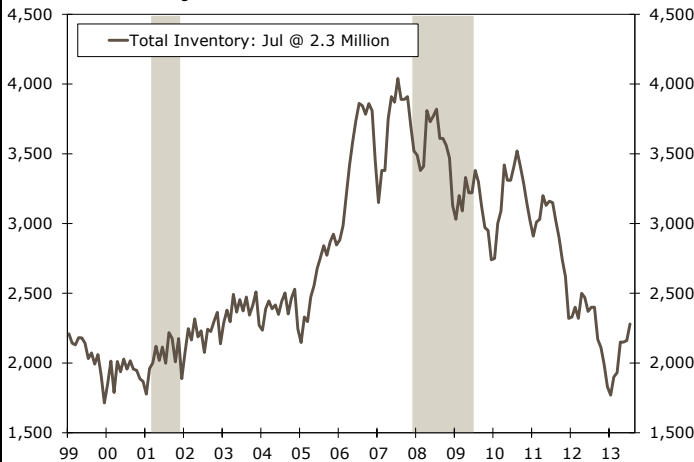
**Home Prices**

Year-over-Year Percentage Change



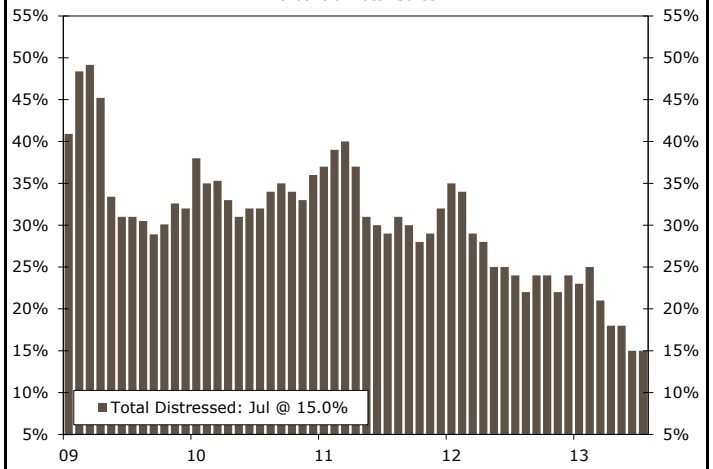
**Inventory of Existing Homes for Sale**

Existing Homes for Sale at End of Month - In Thousands



**U.S. Distressed Home Sales**

Percent of Total Sales



Source: National Association of Realtors, S&P Case-Shiller, FHFA and Wells Fargo Securities, LLC

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