



Economics Group

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Existing Home Sales Fall More Than Expected in November

Existing home sales dropped 6.1 percent in November to a 4.93 million rate, largely due to tight inventories. The share of first-time homebuyers, however, jumped to its highest level since late 2012, reaching 31 percent.

Seasonal Inventory Drop Pulls Sales Lower

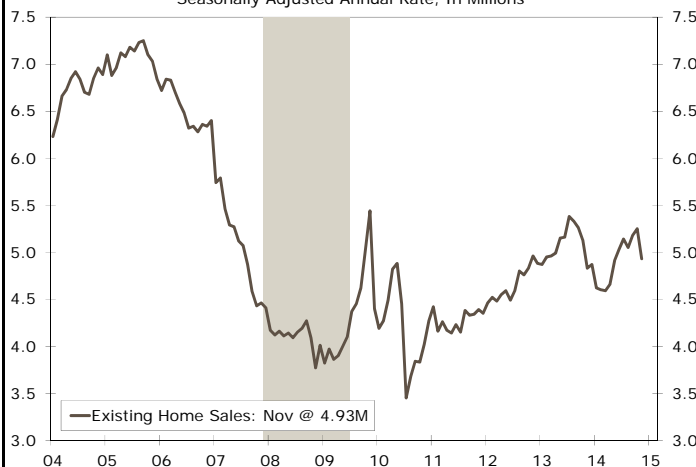
- Existing home sales fell a sharp 6.1 percent in November against tight inventories. Inventories follow a very seasonal pattern and are typically low in the winter months. Listed inventories fell 6.7 percent to 2.1 million homes.
- With November now reported, sales are on track to end the year at an annual rate of 4.9 million, which is down 3.3 percent from its 2013 pace.

First-Time Homebuyers Gradually Enter Market

- Despite the drop, the share of first-time homebuyers rose to 31 percent after being stuck at 29 percent over the last four months. Better labor market conditions, especially for young adults, and easing credit standards are likely responsible for the gain.
- The share of all-cash transactions, which is typically preferred by investors, fell to 25 percent and is now down 7 percentage points from its year-ago level.

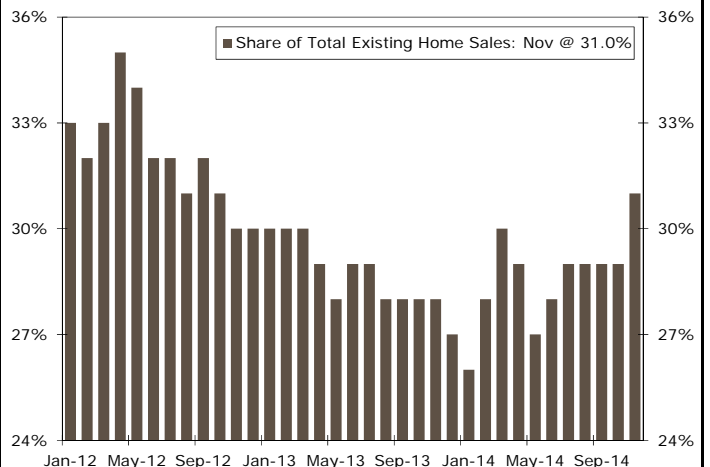
Existing Home Sales

Seasonally Adjusted Annual Rate, In Millions



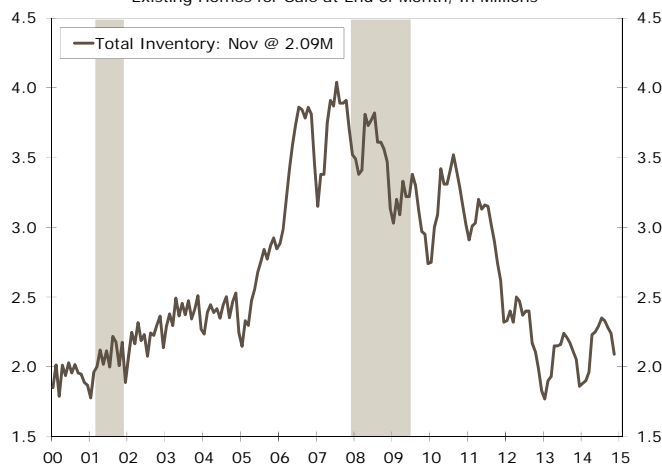
First-Time Home Buyers

Share of Existing Home Sales



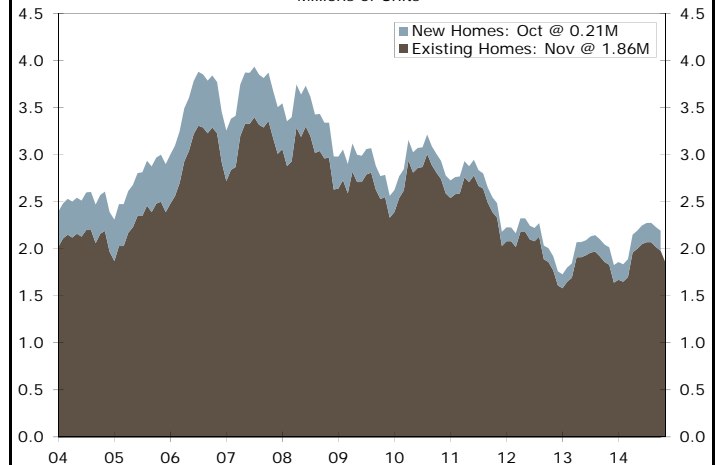
Inventory of Existing Homes for Sale

Existing Homes for Sale at End of Month, In Millions



Single-Family Home Inventory

Millions of Units



Source: National Association of Realtors, U.S. Department of Commerce and Wells Fargo Securities, LLC

Wells Fargo Securities, LLC Economics Group

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