Existing Home Sales Cool in November

*November sales declined 1.7% to a 5.35 million-unit pace, but are still up 2.7% over the year. Sales should continue to improve with support from low mortgage rates, although inventory shortages will limit the upside.*

**Sales Decline, but Trend Improving**
- The monthly decline was owed to a 1.2% fall in single-family sales and a 5.1% drop in condo sales. Resales in the Midwest (+2.3%) and Northeast (+1.4%) strengthened during the month, while the South (-3.9%) and West (-3.5%) pulled back.
- Homes continue to sell fairly swiftly, averaging just 38 days on the market, quicker than the 42 averaged during the same month last year and clear evidence that demand remains strong.

**Inventory Shortages Limiting Sales, Boost Prices**
- We expect mortgage rates, which averaged 3.7% during November, to remain fairly low and keep sales moving in a positive direction. However, a substantial break-out to the upside is unlikely given the shortfall of homes for sale. Inventories fell 5.7% year-over-year to 1.64 million, the lowest November reading since 1999. Low supply is keeping upward pressure on prices. The median home price rose 5.4% to $271K.

---

Source: National Association of Realtors and Wells Fargo Securities