

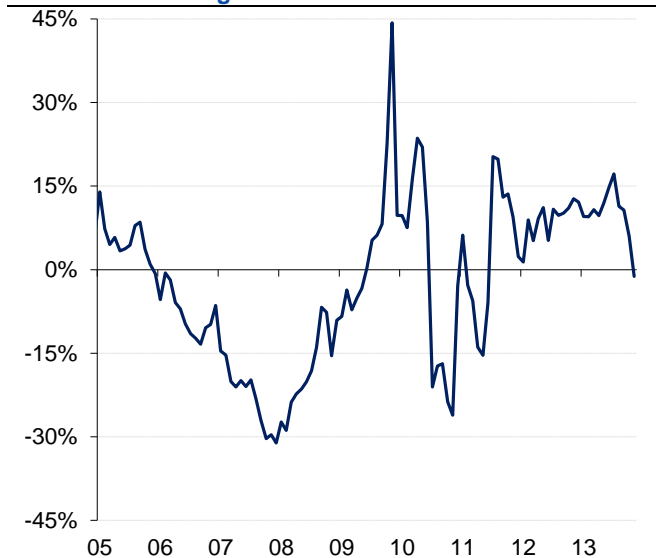
U.S. Housing Flash

Existing Home Sales Fall for Third Straight Month

- Existing home sales drop the largest amount in 2013 on a MoM basis
- Median sales price for existing homes rose 9.4% YoY

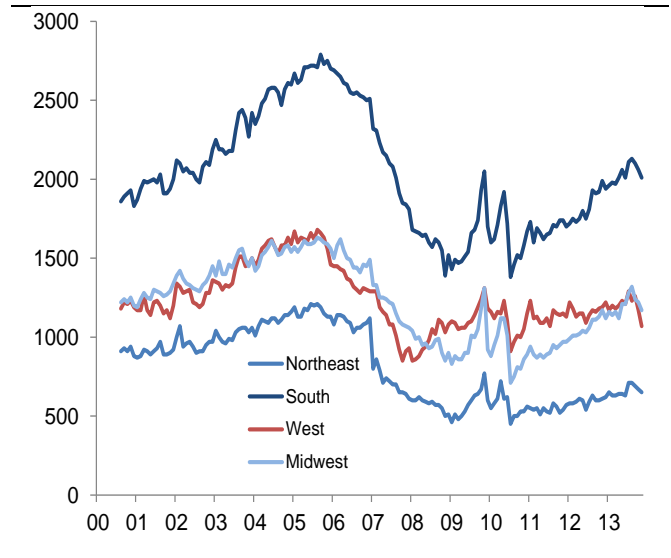
Existing home sales slumped 4.3% MoM in November, the slowest pace of the year as momentum driving the housing market has begun to slow. November marks the third straight month in which existing home sales have declined. On a YoY basis, existing home sales declined 1.2%, the first annual decline in over two years. The decline could be attributed to rising mortgage rates, as the 30-year fixed-mortgage rose to 4.26% in November from 4.19% in October. Additionally, stricter guidelines for loans may be tightening credit, making it more difficult for lenders to find qualified borrowers. In terms of region, all areas of the United States experienced a decline but the West tumbled the most, falling over 8% on a MoM basis. The Northeast and South regions experienced their third straight month of declines, falling 3.0% and 2.4% respectively from the previous month. On a more positive note, the trend of appreciating home values for all of 2013 continued in November. On a YoY basis, median sales prices increased 9.4% YoY, a sign that homes are appreciating in value which is encouraging for the housing market and homeowners. Looking forward, we expect the pace of existing home sales to increase, fueled by the economy adding jobs and increased demand for homes. Still, there are hurdles the housing market may need to overcome next year. The announcement of the Fed to begin tapering is expected to put upward pressure on mortgage rates, which would in turn curtail demand for homes. However, the latest report on new housing starts is an encouraging sign that the demand for homes is still robust despite the slowdown in existing home sales.

Graph 1
Existing Home Sales SAAR YoY% Change



Source: US Census Bureau & BBVA Research

Graph 2
Existing Home Sales by Region Thousands



Source: Bureau of Economic Analysis & BBVA Research

Michael Soni
michael.soni@bbvacompass.com
+1 713 831 7348

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