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Existing-Home Sales Jump 10.1%

By **JEFF BATER**

Home resales leaped in October, rising far more than expected as a fat tax credit offset fears about joblessness.

Sales of existing homes increased by 10.1% to a 6.10 million annual rate from 5.54 million in September, the National Association of Realtors said Monday.

Inventories kept shrinking. Prices fell, but the NAR said the decline was the smallest in more than a year.

The 6.10-million rate was the highest since February 2007. Economists surveyed by Dow Jones Newswires expected a 2.3% increase in sales during October, to a rate of 5.70 million.

"Many buyers have been rushing to beat the deadline for the first-time buyer tax credit," NAR economist Lawrence Yun said.

Aside from the tax credit, low prices and mortgage rates have drawn in buyers, concerned as the U.S. unemployment rate climbed in October to 10.2%. The NAR reported the median price for an existing home last month was \$173,100, down 7.1% from \$186,400 in October 2008. The average 30-year mortgage rate was 4.95% in October, down from 5.06% in September, Freddie Mac data showed.

September sales rose 8.8% to 5.54 million; the NAR originally reported sales for that month jumped 9.4%, to 5.57 million. Existing-home sales, year over year, were 23.5% higher last month than the level in October 2008.

The October surge in sales follows a very disappointing housing sector report last week showing U.S. construction tumbled in October to the lowest point in six months. A reason for the sharp, unexpected drop might have involved uncertainty over a government tax incentive for home buyers that had been due to lapse in November.

Congress extended the tax credit earlier this month through April, a move seen fueling sales and construction into the new year.

Inventories of previously owned homes decreased by 3.7% at the end of October to 3.57 million available for sale. That represented a 7.0-month supply at the current sales pace, compared to 8.0 in September.

Regionally, sales in October compared to September rose 11.6% in the Northeast, 14.4% in the Midwest, 12.7% in the South, and 1.6% in the West.

Of the 6.10 million in overall U.S. sales, 30% were distressed, which includes foreclosures. That compares to a range of 45% to 50% in months during late 2008 and early 2009.

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