

NAR: Pending Sales Up, Second Month in a Row

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By Kerry Smith

While the number of pending sales fell year-to-year, they rose 0.9% month-to-month for the second time, sparking hope that the market may be bouncing back.

WASHINGTON – Pending home sales increased 0.9% in July for the second consecutive month, according to the National Association of Realtors® (NAR). The two increases spark hope among some people that the market hit bottom and is now slowly returning.

Year-to-year, however, pending sales were down nationally and in all four regions tracked by NAR. The Northeast and Midwest posted monthly losses, while sales in the South and West grew.

The Pending Home Sales Index (PHSI) – a forward-looking indicator of home sales based on contract signings – rose to 77.6 in July, while year-to-year pending transactions fell by 14.0%. An index of 100 is equal to the level of contract activity in 2001.

“The small gain in contract signings shows the potential for further increases in light of the fact that many people have lost out on multiple homebuying offers,” says NAR Chief Economist Lawrence Yun. “Jobs are being added and, thereby, enlarging the pool of prospective homebuyers. However, rising mortgage rates and limited inventory have temporarily hindered the possibility of buying for many.”

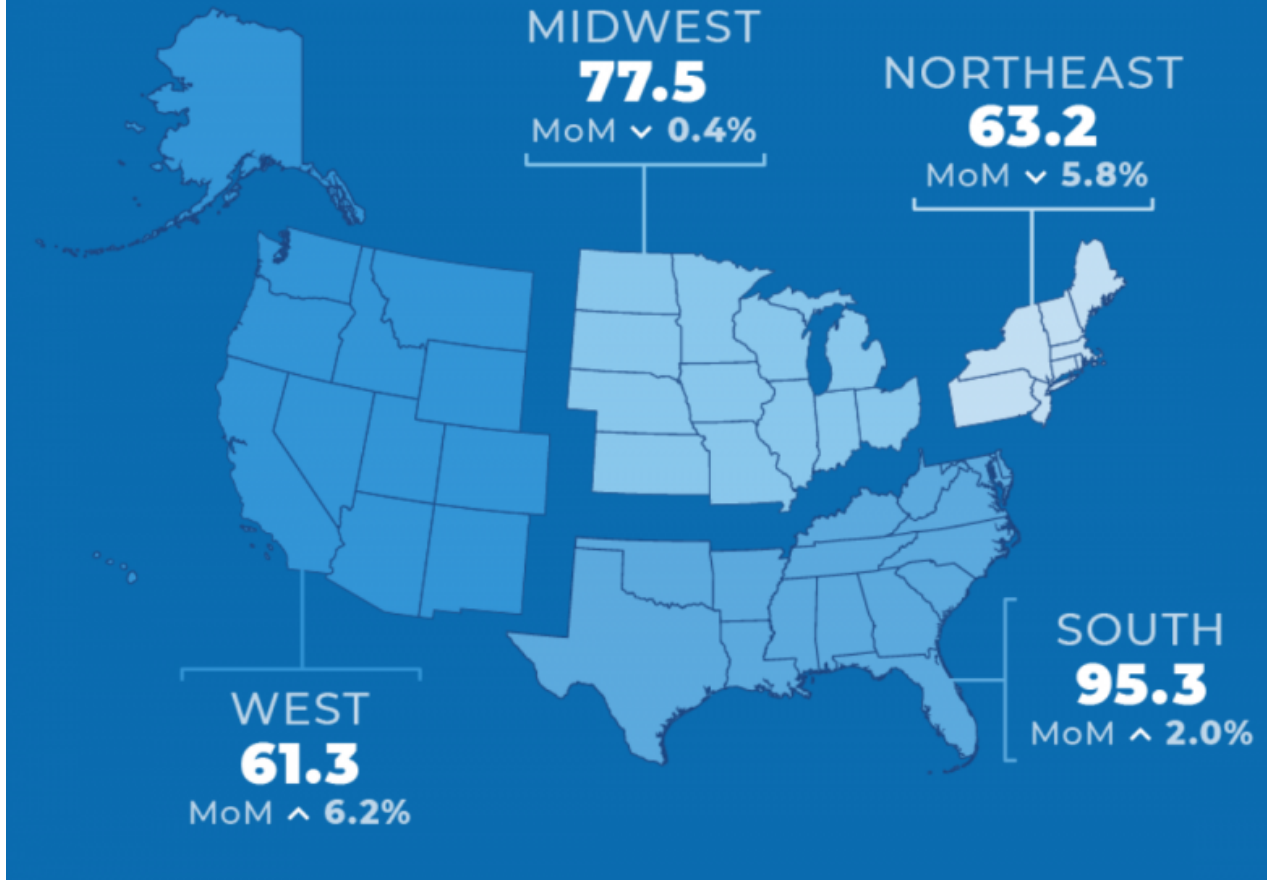
Pending home sales regional breakdown: The Northeast PHSI shrank 5.8% from last month to 63.2, a decrease of 20.2% from July 2022. The Midwest index fell 0.4% to 77.5 in July, down 16.0% from one year ago.

The South PHSI rose 2.0% to 95.3 in July, though it was down 10.9% from the prior year. The West index improved 6.2% in July to 61.3, dropping 12.8% from July 2022.

“Interestingly, the West region experienced a meaningful price decline in the past year and buyers are quickly returning as a result,” Yun says.

INDEX **77.6**^{*} MoM \wedge **0.9%**

*An index above 100 coincides with a higher level of activity relative to 2001 (2001=100).



NAR

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