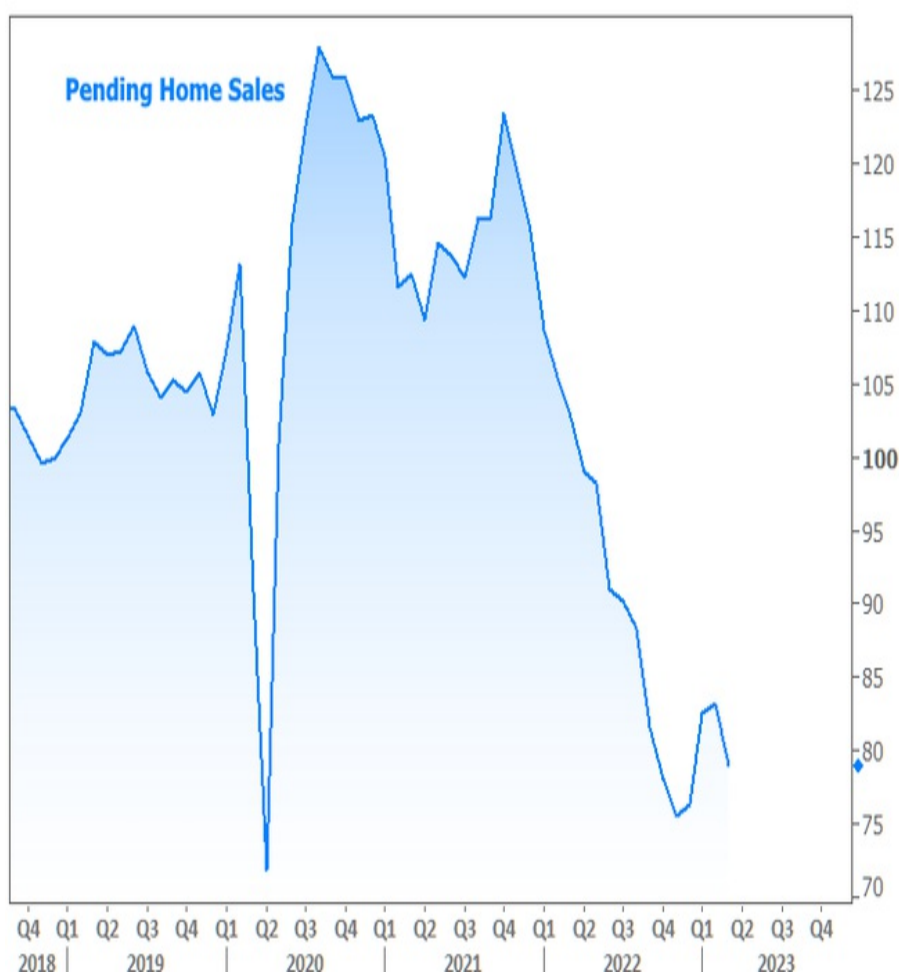




Pending Home Sales Unexpectedly Declined in March

The Pending Home Sales data from the National Association of Realtors (NAR) is one of the most timely measurements of home sales activity in terms of monthly data because it measures sales contracts as opposed to closings.

2023 was off to a strong start with big gains in January followed by another modest improvement in February. March's data was expected to follow suit with a 0.5% increase, but the actual number came in 5.2% lower. Throw all of the above on a chart along with the past few years and it looks like this:



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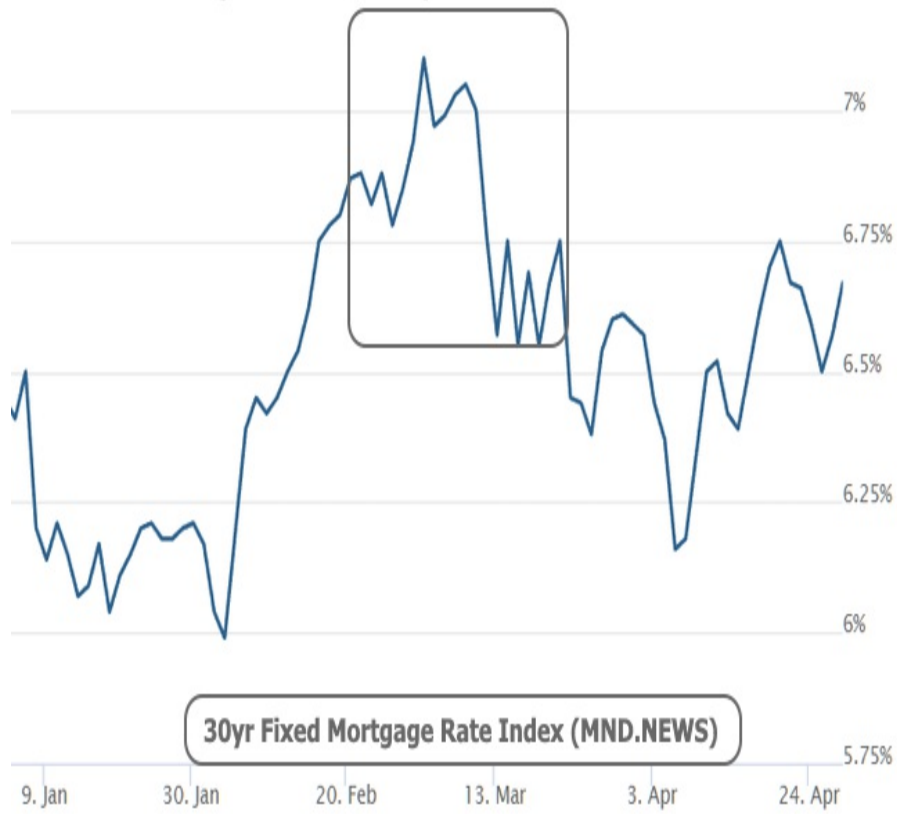


To be sure, context matters if we're going to use words like "strong." The past two months of gains were only really strong relative to the very low numbers seen at the end of 2022. That's fine though. We shouldn't expect a resounding surge back to long-term highs in an environment where inventory remains excruciatingly tight with rates still uncomfortably close to multi-decade highs.

NAR put the blame on inventory this time around, with Chief Economist Lawrence Yun saying "The lack of housing inventory is a major constraint to rising sales. Multiple offers are still occurring on about a third of all listings, and 28% of homes are selling above list price. Limited housing supply is simply not meeting demand nationally."

But it wouldn't be unfair to consider that the relatively higher rates in March had an impact as well.

highest rates of the year for most of the month



30yr Fixed Mortgage Rate Index (MND.NEWS)