



## NAR Calls for End to Rate Hikes as Pending Sales Drops Again

Pending home sales failed to add a third month onto the mini rally it staged in June and July. The National Association of Realtors® (NAR) said its **Pending Home Sale Index (PHSI)** declined 7.1 percent to 71.8 in August and is now down 18.7 percent from its August 2022 level.

The PHSI ended a three-month decline in June, rising 0.3 percent followed by a 0.9 percent increase in July.

### Pending Home Sales



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The PHSI is based on contracts signed during the month to purchase existing single-family houses, condos, and cooperative apartments. It is a leading indicator of those sales which are expected to close over the following 30 to 60 days. NAR will report September's existing sales on October 19.

"Mortgage rates have been rising above 7 percent since August, which has diminished the pool of home buyers," said Lawrence Yun, NAR chief economist. "Some would-be home buyers are taking a pause and readjusting their expectations about the location and type of home to better fit their budgets."

"It's clear that **increased housing inventory and better interest rates are essential to revive the housing market**," added Yun.

The index in all four of the nation's major regions declined compared to both July and to the prior August. The Northeast PHSI was down 0.9 percent to 62.6 and was 18.2 percent lower on an annual basis. The index for the Midwest lost 7.0 percent and 19.1 percent compared to the two earlier periods to a reading of 71.3.

Pending sales in the South fell 9.1 percent to 86.5 in August, coming in 17.6 percent lower year-over-year. The West's PHSI declined 7.7 percent to 56.3 and was 21.4 percent behind its August 2022 reading.

Yun concluded, “**The Federal Reserve must consider the sharply decelerating rent growth** in its consideration of future monetary policy. There is no need to raise interest rates. Moreover, the government shutdown will disrupt some home sales in the short run due to the lack of flood insurance or delays in government-backed mortgage issuance.”

The PHSI was benchmarked at 100 in 2001, a number equal to the average level of contract activity during that year.