



Pending Home Sales Stayed Sideways Near Record Lows

The National Association of Realtors (NAR) releases two widely followed home sales reports. Existing Home Sales measure transactions of homes other than new construction (i.e. previously owned and occupied homes). The Pending Sales index is an advance indicator for Existing Homes. It measures contract signings but not closed sales.

Through a combination of historically low affordability and inventory, both metrics have been operating at the lowest levels in more than a decade (not including the temporary drop in pending sales seen at the onset of pandemic lockdowns). Today's pending sales update kept the index perfectly unchanged at those long term lows.

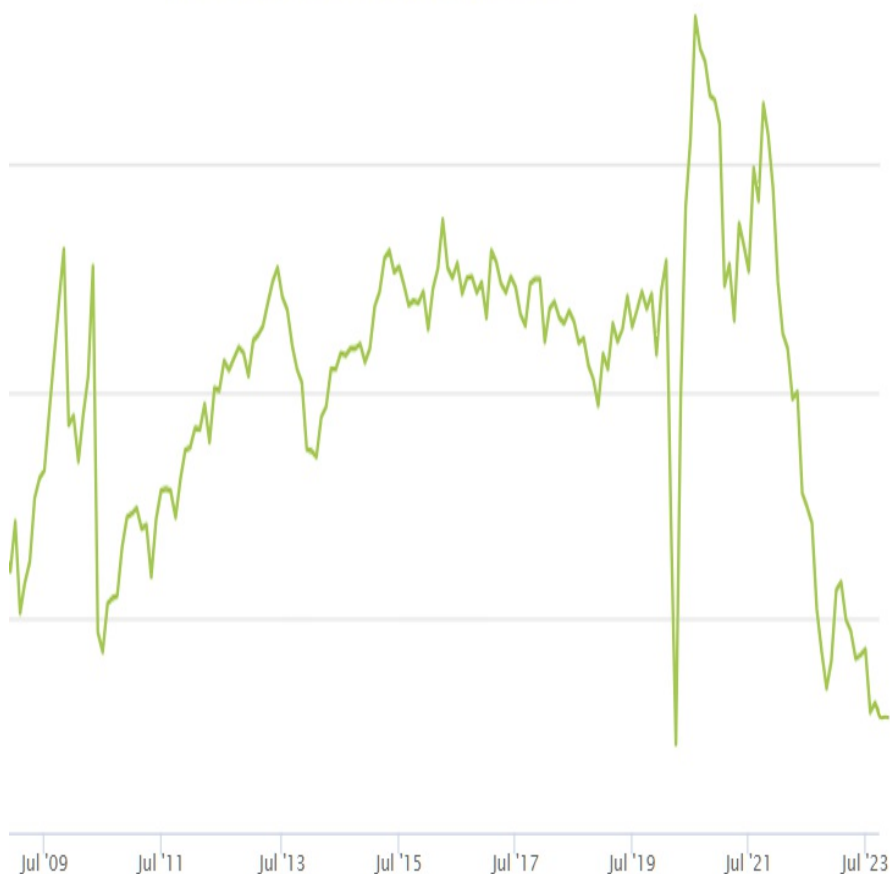


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Pending Home Sales Index



There were small regional variations as follows:

- Northeast... +0.8% versus last month (down 6.4% from last year)
- Midwest +0.5% versus last month (down 2.2% from last year)
- South..... -2.3% versus last month (down 6.5% from last year)
- West..... +4.2% versus last month (down 4.9% from last year)

As seen in the chart above, the sharpest deceleration in the pace of sales is likely behind us. Recent changes have been much smaller by comparison. NAR is hopeful for 2024, citing the recent decline in mortgage rates.

Additionally, NAR's Chief Economist Lawrence Yun noted "although declining mortgage rates did not induce more homebuyers to submit formal contracts in November, it has sparked a surge in interest, as evidenced by a higher number of lockbox openings."