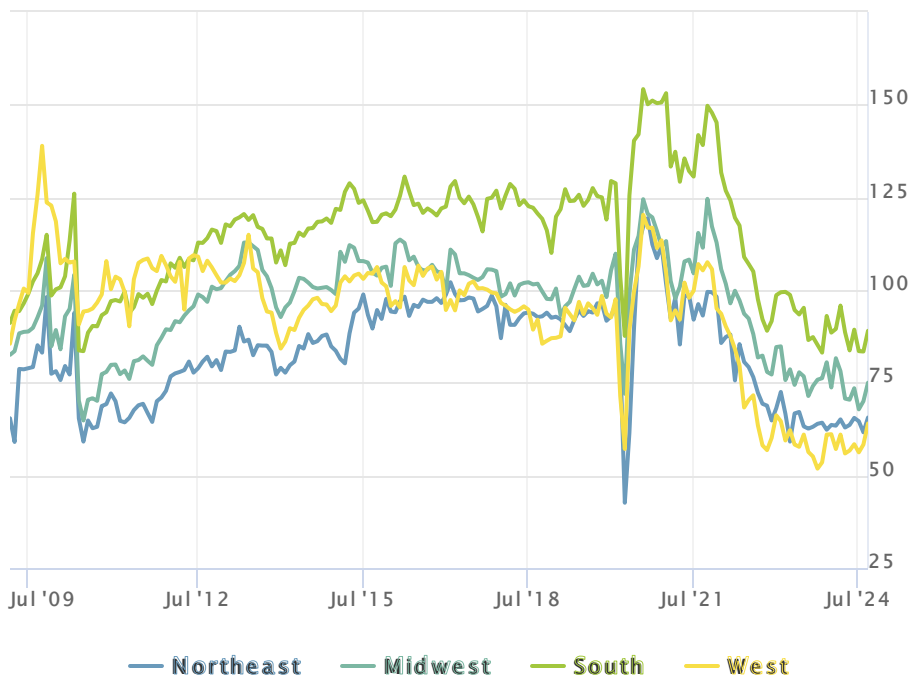# Pending Home Sales Post a 7.7 Percent Drop

Pending home sales fell another 7.7 percent in April according to the National Association of Realtors® (NAR). NAR's Pending Home Sales Index (PHSI) for the month was 72.3 compared to 78.3 in March. Based on purchase contracts for previously owned single-family homes, townhouses, condominiums, and cooperative apartments, the Index was also down 7.4 percent from its level in April 2023.

Matt Graham
Founder and CEO, MBS Live

Pending Home Sales

"The impact of escalating interest rates throughout April dampened home buying, even with more inventory in the market," said NAR Chief Economist Lawrence Yun. "But the Federal Reserve's anticipated rate cut later this year should lead to better conditions, with improved affordability and more supply."

The slowdown in the home sale market is clear when looking at the national PHSI since the Federal Reserve started raising interest rates. The index averaged 115.2 in 2022 and 91.9 in 2023. It has not exceeded 78.5 at any point in 2024.

All four major regions lost ground for the month and year-over-year. In the **Northeast**, the PHSI level of 62.9 was down 3.5 percent from March and 3.1 percent on an annual basis. The **Midwest** index dropped 9.5 percent to 70.7 percent, a decline of 8.7 percent from one year ago.

The **South** lost 7.6 percent and 8.2 percent compared to the two earlier periods to a reading of 88.6. The **West's** Index was at 55.9, a decline of 8.5 percent from March and 7.3 percent from the previous April.

"Home prices are hitting record highs, but the pace of gains should decelerate with more supply," said Yun. "However, the prospect of measurable home price declines appears minimal. The few markets experiencing price declines will be viewed as second-chance opportunities for buyers to enter the market if those regions continue to add jobs."

The PHSI is considered a leading indicator of existing home sales over the next two months. An index of 100 is equal to the level of contract activity in 2001. The NAR will release existing home sales numbers for May on June 21.