



Pending Home Sales Set a New Record, but not in a Good Way

Home sale numbers continue to retreat and in July the National Association of Realtors'® (NAR) Pending Home Sales Index (PHSI) fell to its lowest level.... Ever!

Based on signed sales contracts for existing single-family houses, townhomes, condos, and cooperative apartments, the PHSI was down 5.5 percent from June to 70.2. This is 8.5 percent lower than the index for July 2023.



Lance Levin

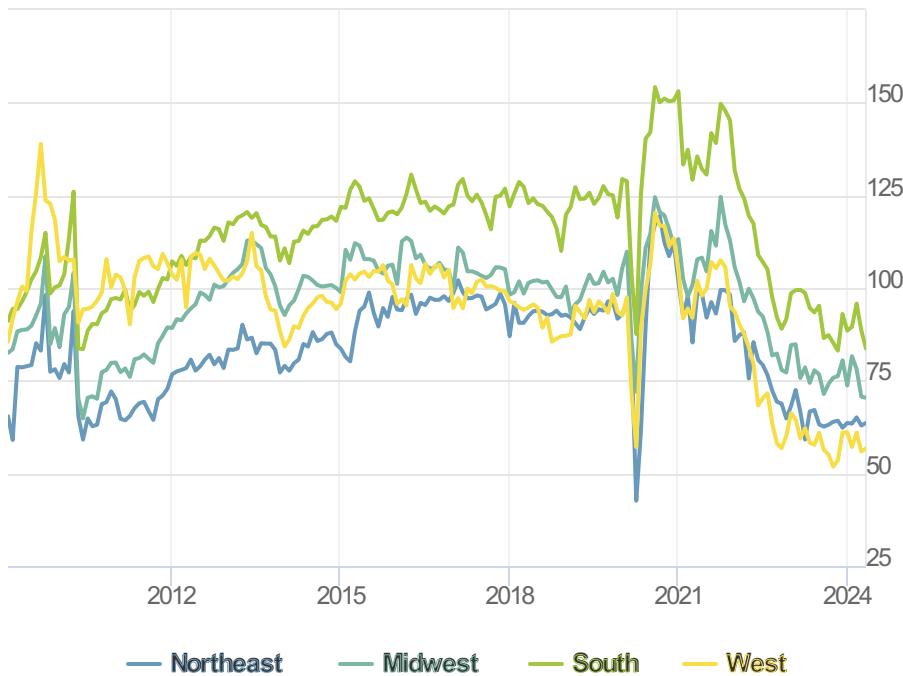
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Pending Home Sales



The PHSI is considered a leading indicator of home sales over the next one to two months. NAR cautions, however, that the amount of time between pending contracts and completed sales is not identical for all home sales. Variations in the length of the process from pending contract to closed sale can be caused by issues such as buyer difficulties with obtaining mortgage financing, home inspection problems, or appraisal issues. The index was benchmarked at 100 in 2001, a year in which contract activity was considered average.

“A sales recovery did not occur in midsummer,” said NAR Chief Economist Lawrence Yun. “The positive impact of job growth and higher inventory could not overcome affordability challenges and some degree of wait-and-see related to the upcoming U.S. presidential election.”

The index fell month-over-month in all four major regions. The Northeast slid 1.4 percent to 64.6 but did pull off a 2.4 percent gain from the previous July.

In terms of home sales and prices, **the New England region has performed relatively better than other regions in recent months,**” added Yun. “Current lower, falling mortgage rates will no doubt bring buyers into market.”

The **Midwest index retracted 7.8 percent** to 67.8 which was down 11.4 percent from one year ago.

The **PHSI in the South was 83.5, a 6.5 percent loss** in a month and 11.5 percent lower than in July 2023. **The West’s index shrunk 3.8 percent and 6.0 percent from the two earlier periods,** registering 56.2.

NAR will release existing home sales numbers for August on September 19.