



Pending Home Sales Hit Lowest Level Since Records Began in 2001

The National Association of Realtors released its Pending Home Sales Index (PHSI) today, which measures home purchase contracts that have been signed, but not yet closed. The index typically correlates with existing home sales in the following month.

While January's contract signings were only down 4.6% versus December, that was enough for the index to inch down to the lowest levels since data-keeping began in 2001.



“It is unclear if the coldest January in 25 years contributed to fewer buyers in the market, and if so, expect greater sales activity in upcoming months,” said NAR Chief Economist Lawrence Yun. “However, it’s evident that elevated home prices and higher mortgage rates strained affordability.”



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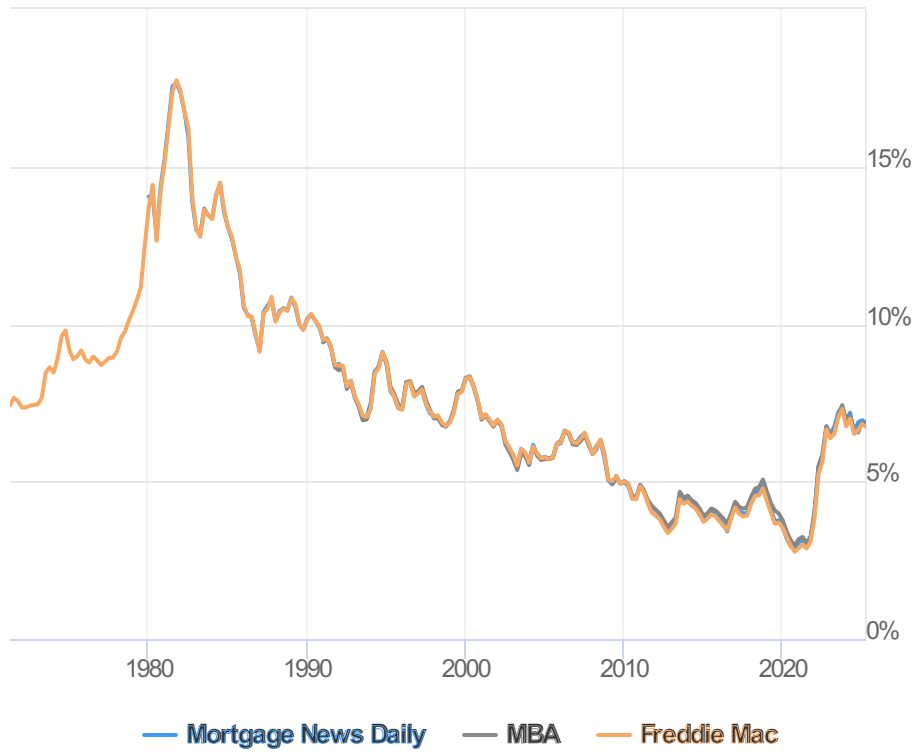
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To be sure, mortgage rates hit their highest recent levels in January but fell short of the levels seen in early 2024. At the time, Pending sales had fallen nearly as low as today's report, thus adding some evidence for the negative impact from higher rates.



The following bullet points show how each region changed from the previous month (and from the previous year).

- Northeast
 - +0.3 (-0.5)
- Midwest
 - -2.0 (-2.7)
- South
 - -9.2 (-8.8)
- West
 - -1.2 (-4.5)

Pending Home Sales

