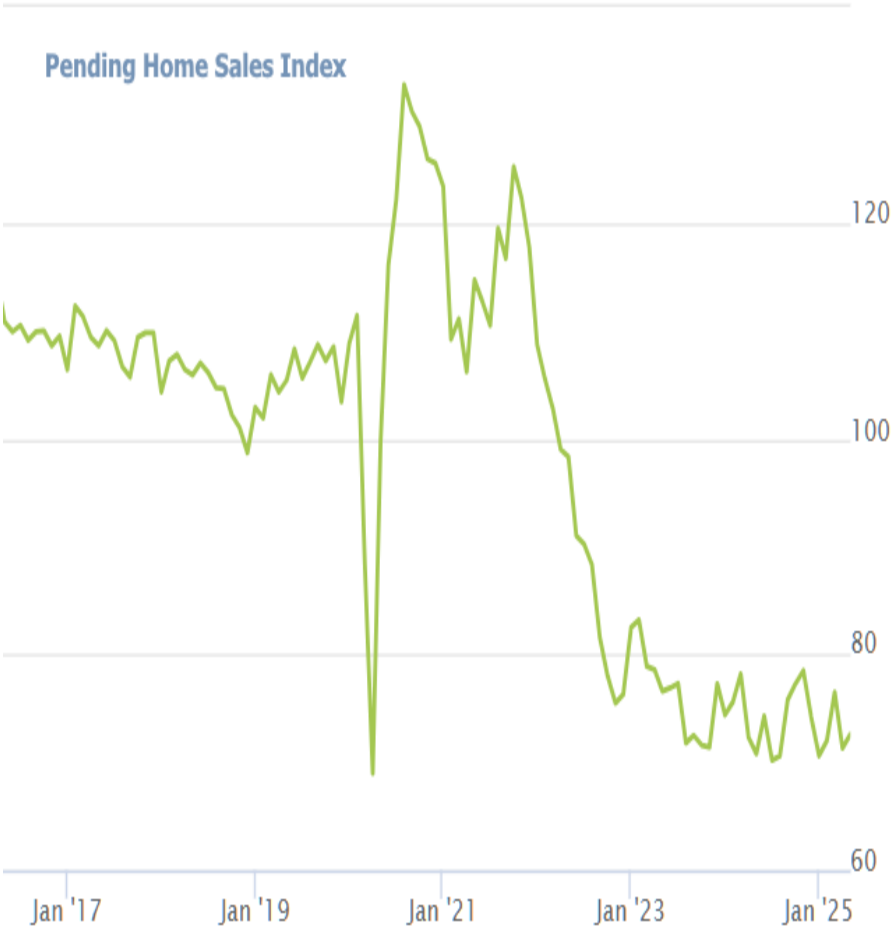
HOUSING CONNECTION
Mortgage and Real Estate News That Matters

Pending Home Sales Data Scores Some Points, But Not Enough to Change The Game

The National Association of Realtors' Pending Home Sales Index (PHSI)—which tracks contract signings on existing homes—has remained rangebound for more than two years, constrained by affordability pressures and elevated mortgage rates. This week's update showed a modest improvement, but the broader story hasn't changed.

Pending home sales rose by **1.8%** in May, marking the first increase since February. The index is now **1.1% higher than a year ago**, but still well below pre-2022 norms.

Zooming out, contract activity remains stuck in a narrow band. The index hasn't been above 80 since the summer of 2022 and continues to reflect a sluggish, rate-constrained housing market.



"Consistent job gains and rising wages are modestly helping the housing market," said NAR Chief Economist Lawrence Yun. "Hourly wages are increasing faster than home prices. However, mortgage rate fluctuations are the primary driver of homebuying decisions and impact housing affordability more than wage gains."

Here's how the month-over-month change broke down by region:

Bridget McNamara
Loan Officer, Community Mortgage Partners
P: (303) 489-0221
M: (303) 489-0221
5406 N Highway 67
Sedalia CO 80135
146437

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- **Northeast:** +2.1%
- **Midwest:** +0.3%
- **South:** +1.0%
- **West:** +6.0%

And the year-over-year change in contract activity:

- **Northeast:** –0.5%
- **Midwest:** +2.6%
- **South:** +2.0%
- **West:** –1.2%

All four regions posted monthly gains, with the West leading the way at +6.0%. Year-over-year, only the Midwest and South improved. While this week's data avoids the kind of sharp declines seen earlier this year, the market continues to drift sideways. Without meaningful relief in mortgage rates, buyers and sellers are likely to remain cautious.

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