

## Pending Home Sales Rise for Record Eight Straight Months

Washington, November 02, 2009

Pending home sales rose again, marking eight consecutive monthly gains – the longest streak since measurement began in 2001, according to the National Association of Realtors®.

The [Pending Home Sales Index](#),\* a forward-looking indicator based on contracts signed in September, rose 6.1 percent to 110.1 from a reading of 103.8 in August, and is 21.2 percent higher than September 2008 when it stood at 90.9. The gain from a year ago is the largest annual increase on record, and the index is at the highest level since December 2006 when it was 112.8.

[Lawrence Yun](#), NAR chief economist, said the momentum is understandable. “What we’re witnessing is a rush of first-time buyers trying to beat the expiration of the tax credit at the end of this month,” he said. “Home values will stabilize sooner rather than over-correcting. That, in turn, will mean wealth stabilization for the vast number of middle-class families and lay the foundation for a durable economic recovery.”

To view the video, please click the link below:

<http://link.brightcove.com/services/player/bcpid47023366001?bctid=47148051001>

NAR estimates approximately 3 million renters are now financially well-qualified to buy a median-priced home. “As long as buyers do not overstretch and stay well within their budget, a sizable pent-up demand can be tapped among financially qualified potential buyers,” Yun said. “Although the tax credit is greatly reviving the existing home market, new-home sales may continue to struggle as home builders hold back production to drive down inventory. In addition, there remains an ongoing credit crunch for construction loans.”

The Pending Home Sales Index in the Northeast slipped 2.0 percent to 83.6 in September but remains 16.9 percent above September 2008. In the Midwest the index rose 8.1 percent to 98.2 in September and is 17.8 percent higher than a year ago. In the South, pending home sales increased 4.9 percent to an index of 109.7 and is 22.8 percent above September 2008. In the West the index jumped 10.2 percent to 143.8 and is 23.7 percent above a year ago.

Yun added that strong near-term reports should not be overstated. “We’re clearly not out of the woods because an excess of homes remains on the market despite recent improvements,” he said. “Although current inventory is getting closer to price equilibrium, foreclosures will continue to enter the pipeline. An extended and expanded tax credit would help absorb this incoming inventory.”

The National Association of Realtors®, “The Voice for Real Estate,” is America’s largest trade association, representing 1.2 million members involved in all aspects of the residential and commercial real estate industries.

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\*The Pending Home Sales Index is a leading indicator for the housing sector, based on pending sales of existing homes. A sale is listed as pending when the contract has been signed but the transaction has not closed, though the sale usually is finalized within one or two months of signing.

The index is based on a large national sample, typically representing about 20 percent of transactions for existing-home sales. In developing the model for the index, it was demonstrated that the level of monthly sales-contract activity from 2001 through 2004 parallels the level of closed existing-home sales in the following two months. There is a closer relationship between annual index changes (from the same month a year earlier) and year-ago changes in sales performance than with month-to-month comparisons.

An index of 100 is equal to the average level of contract activity during 2001, which was the first year to be examined as well as the first of five consecutive record years for existing-home sales.

A forecast for housing and the economy will be released November 13 at 11 a.m. PST at the 2009 REALTORS® Conference & Expo in San Diego. Existing-home sales for October will be reported November 23 and the next Pending Home Sales Index will be on December 1; release times are 10 a.m. EST.

Information about NAR is available at [www.realtor.org](http://www.realtor.org). This and other news releases are posted in the News Media section. Statistical data, tables and surveys also may be found by clicking on Research.

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