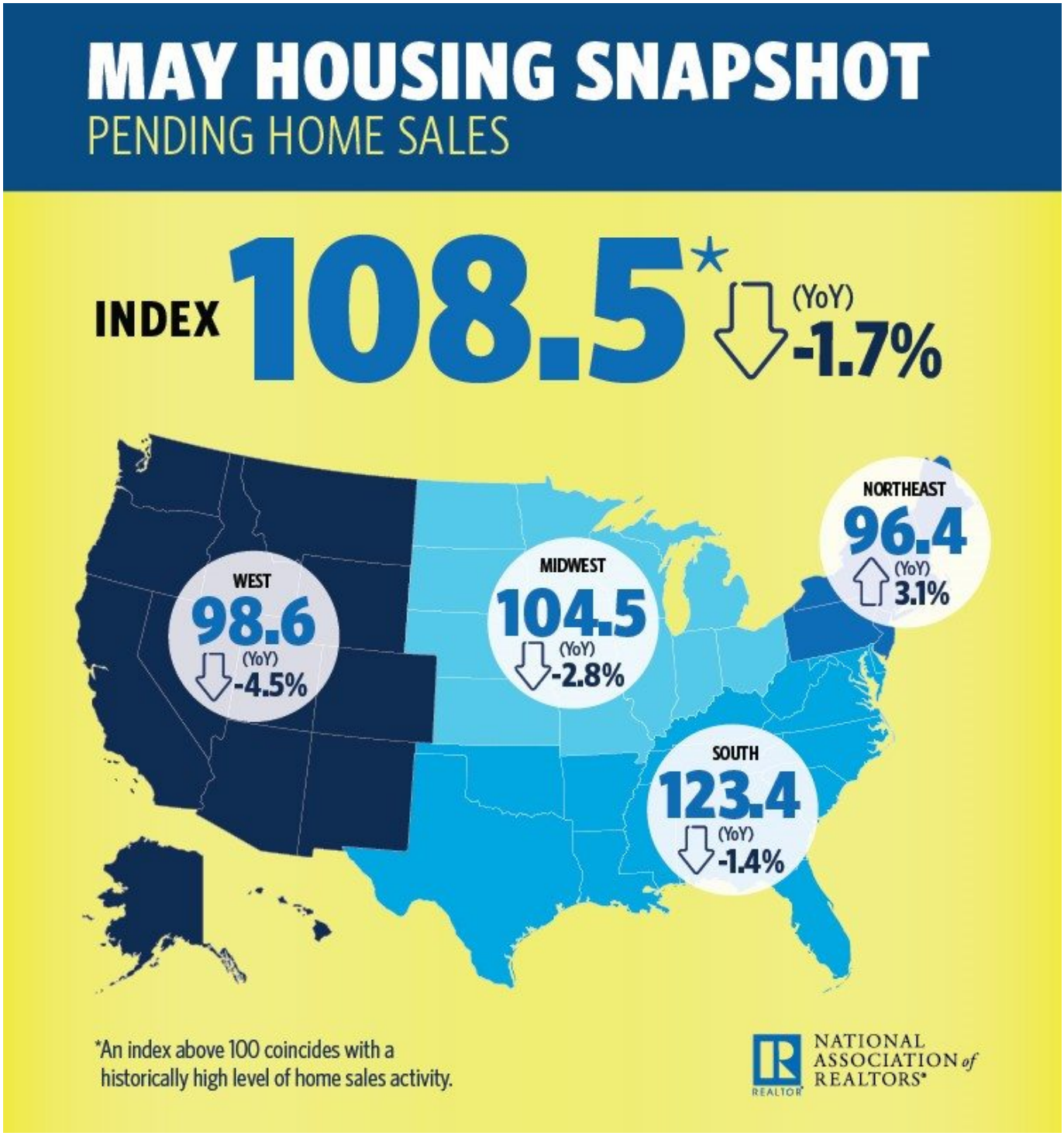
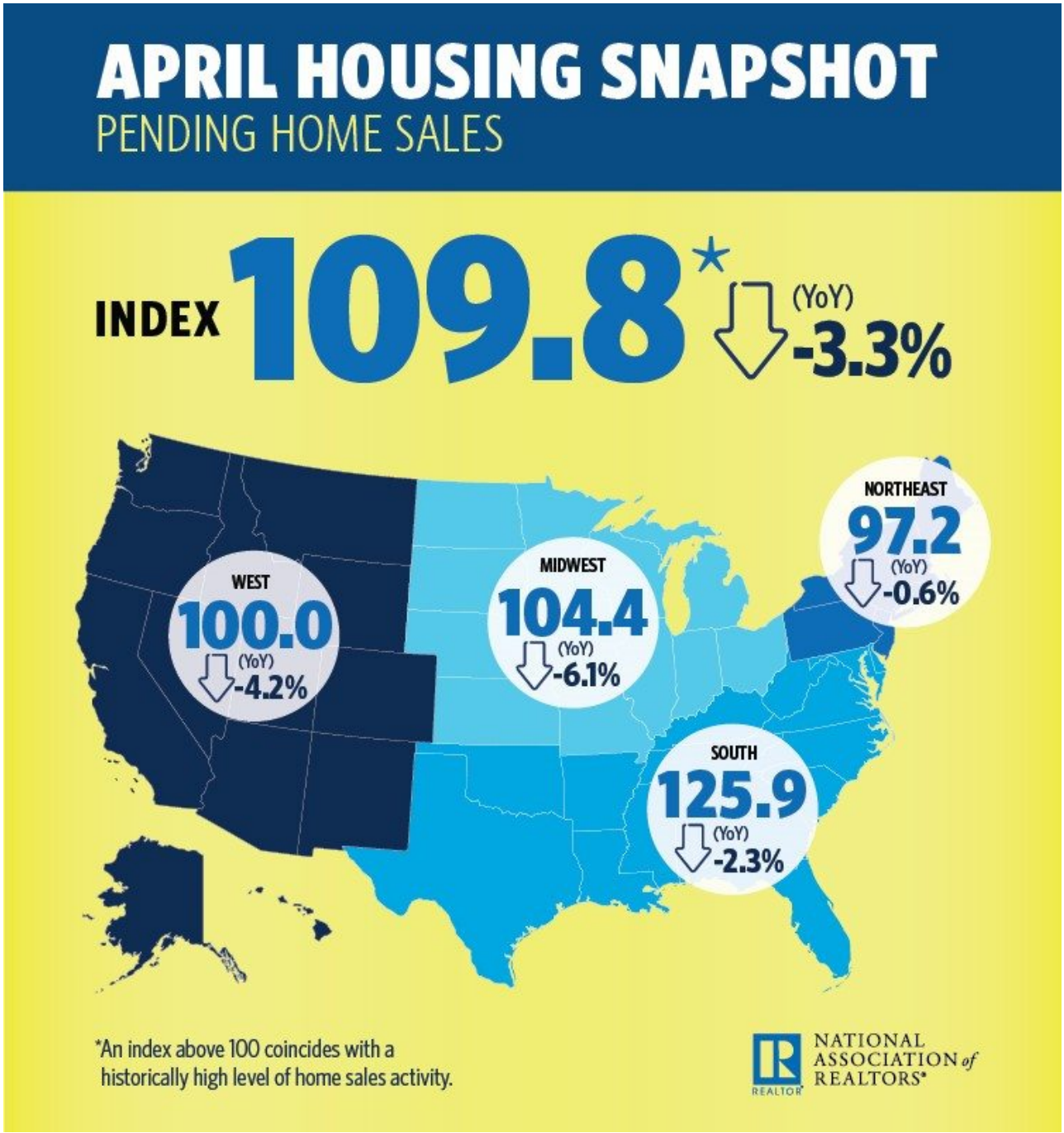
NAR: Pending home sales plummet for third consecutive month

The National Association of Realtors (NAR) Pending Home Sales Index (PHSI) is down for the third consecutive month due to continued inventory shortages and surging home prices.

May’s PHSI, which is based on contract signings, dipped to 108.5, a 1.7 percentage point drop from April’s downwardly revised 109.4.



NAR chief economist Lawrence Yun says low inventory levels have “somewhat sidetracked” the spring buying season, and dampened financial and economic confidence may have a factor in dipping pending home sales as well.



"Monthly closings have recently been oscillating back and forth, but this third consecutive decline in contract activity implies a possible topping off in sales," Yun said. "Buyer interest is solid, but there is just not enough supply to satisfy demand. Prospective buyers are being sidelined by both limited choices and home prices that are climbing too fast."

Secrets of high-growth real estate teams

As we all know, the real estate industry is hyper-competitive. And because there are few better catalysts for innovation than competition, real estate is constantly blazing new ground. Real estate expansion teams -- teams that do business in multiple markets -- are one of the industry's latest, and hottest, innovations ...

"The lack of listings in the affordable price range are creating lopsided conditions in many areas where investors and repeat buyers with larger down payments are making up a bulk of the sales activity," he added. "Meanwhile, many prospective first-time buyers can't catch a break. Prices are going up and there's intense competition for the homes they're financially able to purchase."

Regional breakdown

- **Northeast:** PHSI declined 0.8 percent to 96.4 in May, 3.1 percent above a year ago.
- **Midwest:** PHSI was 104.5 in May, unchanged from April and 2.8 percent lower than May 2016.
- **South:** PHSI declined 1.2 percent to 123.4 in May, down 1.4 percent year-over-year.
- **West:** PHSI declined 1.3 percent in May to 98.6, 4.5 percent lower than the same time last

year.

About the PHSI

NAR uses a large national sample of signed residential property sale contracts to build its monthly pending home sales index. The sample size typically represents about 20 percent of transactions for existing-home sales.

The index level was benchmarked to 100 in 2001, which was the first year to be examined. Existing-home sales in 2001 were in the 5 million to 5.5 million range, which is considered normal for the population in the U.S.

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Source: click here