Pending home sales dip annually for 14th straight month

The pending home sale index (PHSI), a forward-looking indicator based on contract signings, dropped 1 percent from January to February to 101.9 and was down 4.9 percent year-over-year, according to the latest data from the National Association of Realtors (NAR).

The year-over-year decrease marks the 14th straight month of annual declines.

Despite the dip, last month's 5 percent month-over-month uptick makes this month's slight decline less concerning, according to Lawrence Yun, the chief economist at NAR.

"In January, pending contracts were up close to 5 percent, so this month's 1 percent drop is not a significant concern," Yun said. "As a whole, these numbers indicate that a cyclical low in sales is in the past but activity is not matching the frenzied pace of last spring."

Regionally, the PHSI in the northeast dropped 0.8 percent month-over-month and 2.6 percent year-over-year to a level of 92.1. In the Midwest, the index dropped 7.2 percent month-over-month and 6.1 percent year-over-year to 93.2. The PHSI rose 1.7 percent month-over-month to 121.8 in the South, but was down 2.9 percent year-over-year.

The lowest region for pending home sales was the West, which rose slightly by 0.5 percent month-over-month to 87.5, but was still down 9.6 percent below last year's level.

Tech, teams and the total cost of competing

The 'billion dollar question' might just have a $945 answer READ MORE

“There is a lack of inventory in the West and prices have risen too fast,” Yun said. “Job creation in the West is solid, but there is still a desperate need for more home construction.”

The PHI is an index based on pending sales of existing homes. The index is based on a large national sample, according to NAR, typically representing about 20 percent of transactions for existing home sales.

For the purpose of the index, a score of 100 is equal to the average level of contract activity during 2001, the first year NAR began compiling home sales. Existing home sales fell within a range of 5 million to 5.5 million that year, which is considered normal for the current U.S. population.

Developing…

Source: click here