# Pending home sales down annually for 17th straight month

The Pending Home Sales Index (PHS) ticked up from April to May by 1.1 percent but remains 0.7 percent below 2018 levels, marking the 17th straight month of year-over-year decreases, according to the latest data from the National Association of Realtors (NAR).

NAR Chief Economist Lawrence Yun believes low interest rates are a big reason sales jumped up month-over-month.

“Rates of 4 percent and, in some cases even lower, create extremely attractive conditions for consumers. Buyers, for good reason, are anxious to purchase and lock in at these rates,” Yun said.

PHS is an indicator of housing activity that measures contract activity based on signed real estate contracts for existing single-family homes, condos and co-ops.

Regionally, the index grew 3.5 percent month-over-month in the Northeast, 3.6 percent month-over-month in the Midwest and 0.1 percent in the South. It fell 1.8 percent in the West. Only the South saw the index rise year-over-year.

While contract signings and mortgage applications increased from April to May, Yun believes there is still a need for more housing inventory.

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“Home builders have not ramped up construction to the extent that is needed,” Yun said. “Homes are selling swiftly, and more construction will help keep home prices manageable and thereby allow more middle-class families to attain ownership opportunities.”

Ruben Gonzalez, the chief economist at Keller Williams, believes we will continue to see home sales decline year-over-year in 2019, but with interest rates nearing two-year lows, we should see some rebound in month-to-month sales over the summer.

“Rising uncertainty about the future of the economy coupled with low inventory levels in a lot of markets will likely be limiting factors for the housing market for the rest of the year,” Gonzalez said.

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