

Indicators

United States

Pending Home Sales

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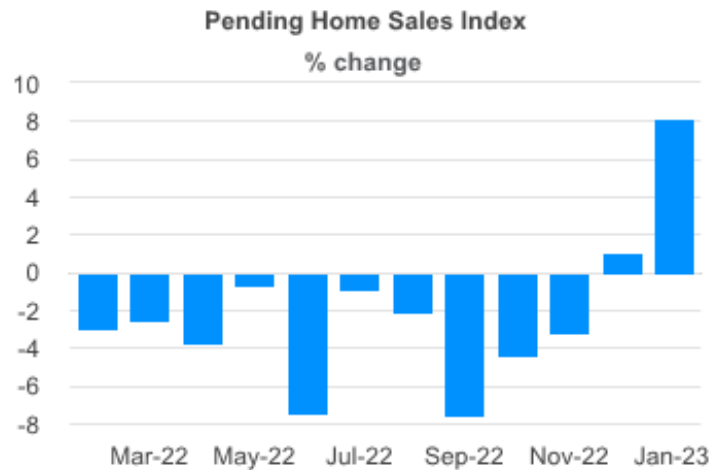
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Actual	8.1%
Previous *	2.5%
Moody's Analytics	2.9% m/m
Coverage	Jan. 2023
Next Release	Mar 29, 2023
Updated	Feb 27, 2023

[Definition](#) [Source](#)

First Take

The National Association of Realtors' pending home sales index increased for the second month in a row in January, adding 8.1% from the month prior to 82.5. Growth was broad-based from a regional perspective, with each region posting gains. Affordability is still affecting the market, but a downward trend in mortgage rates has helped breathe life back into the market.



Pending home sales index, 2001=100

	Jan 23	Dec 22	Nov 22	Oct 22	Sep 22	Aug 22
U.S.	82.5	76.3	75.5	78.0	81.6	88.3
3-mo MA	78.1	76.6	78.4	82.6	86.7	89.8
% change						
U.S.	8.1	1.1	-3.2	-4.4	-7.6	-2.1
Northeast	6.0	-5.8	-0.7	-4.1	-5.5	-3.4
Midwest	7.9	-0.9	-5.3	0.6	-7.2	-4.6
South	8.3	2.9	-3.4	-5.5	-7.1	-1.9
West	10.1	5.8	-2.2	-8.5	-11.3	1.8
% change yr ago						
U.S.	-24.1	-34.3	-36.4	-36.3	-29.2	-24.3
Northeast	-19.8	-32.4	-29.2	-28.9	-21.3	-19.1
Midwest	-21.1	-30.5	-31.5	-33.1	-25.7	-21.3
South	-24.7	-36.2	-38.2	-37.2	-29.6	-24.5
West	-29.3	-35.9	-44.0	-43.8	-37.9	-30.8

The Numbers

- The NAR pending home sales index rose 8.1% to 82.5 from December to January. This marks two consecutive months of growth for this series, but consistent declines throughout 2022 have left the index down 24.1% on a year-ago basis.
- January's uptick was shared across regions. The South and the West continue to lead the pack with month-ago growth of 9.3% and 10.1%, respectively. However, the Northeast and Midwest also showed signs of life, with respective gains of 6% and 7.9%.
- All regions were down on a year-ago basis. The West was down 29.3%, the South dropped 24.7%, the Northeast declined 19.8%, and the Midwest fell 21.1%.

Behind the Numbers

A downward trend in mortgage rates has led to an increase in mortgage applications and pending home sales. Still, housing inventory is tight. Months' supply of housing at the current sales pace remained low at 2.9 months in January.

Although the increase in pending home sales is good news, there are still headwinds. Affordability remains a concern. Recent declines in mortgage rates have been small and uneven, and rates are still much higher than they were in 2021. There is a strong disincentive for homeowners to sell their homes because they have locked in low mortgage rates. This will keep the supply of houses on the market down for some time and lead to slow sales numbers.
