

For more information, contact
Walter Molony 202-383-1177 wmolony@realtors.org

Pending Home Sales Jump in October

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Pending home sales rose strongly in October and remain above year-ago levels, according to the National Association of Realtors®.

[The Pending Home Sales Index](#),* a forward-looking indicator based on contract signings, surged 10.4 percent to 93.3 in October from 84.5 in September and is 9.2 percent above October 2010 when it stood at 85.5. The data reflects contracts but not closings.

[Lawrence Yun](#), NAR chief economist, said improved contract activity is a hopeful sign. “Home sales have been plodding along at a sub-par level while interest rates are hovering at record lows and there is a pent-up demand from buyers who normally would have entered the market in recent years. We hope this indicates more buyers are taking advantage of the excellent affordability conditions,” he said.

“Many consumers are recognizing that home buyers in the past two years have had one of the lowest default rates in history. Moreover, continued inventory declines are another healthy sign for the housing market,” Yun added.

The PHSI in the Northeast surged 17.7 percent to 71.3 in October and is 3.4 percent above October 2010. In the Midwest the index jumped 24.1 percent to 88.7 in October and remains 13.2 percent above a year ago. Pending home sales in the South rose 8.6 percent in October to an index of 99.5 and are 9.7 percent higher than October 2010. In the West the index slipped 0.3 percent to 105.5 in October but is 8.1 percent above a year ago.

“Although contract signings are up, not all contracts lead to closings. Many potential home buyers inadvertently hurt their credit scores and chances of getting a mortgage through easily averted actions, such as cancelling an old credit line while taking on a new one,” Yun said. “Such actions could unwittingly prevent buyers from obtaining a mortgage if their credit score is close the margins of qualifying, or they might get a loan but with less favorable terms.”

NAR encourages consumers to be aware of their credit score and actions which could hurt or enhance it. [HouseLogic.com](#), the association’s consumer website devoted to all aspects of homeownership, offers tips for improving credit scores at <http://buyandsell.houselogic.com/articles/7-tips-improving-your-credit/>.

The National Association of Realtors®, “The Voice for Real Estate,” is America’s largest trade association, representing 1.1 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 parallels the level of closed existing-home sales in the following two months.

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; it coincides with a level that is historically healthy.

NOTE: Existing-home sales for November will be reported December 21 and the next Pending Home Sales Index will be released December 29; release times are at 10:00 a.m. EST.

Information about NAR is available at www.realtor.org. This and other news releases are posted in the News Media section. Statistical data in this release, other tables and surveys also may be found by clicking on Research.

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