



Pending home sales index rises 5 percent

Data seen a positive sign for slumping housing market

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Updated: 7:35 a.m. PT Aug 1, 2007

WASHINGTON - Pending sales of existing homes rose by 5 percent in June compared with the previous month, a surprisingly positive sign for the beleaguered housing market, a real-estate trade group said Wednesday.

The National Association of Realtors said it was the largest monthly gain in more than three years and that increases in pending sales were reported across the country. However, Lawrence Yun, the trade group's senior economist, wasn't overly optimistic, and the pending sales index remained 8.6 percent below year-ago levels.

"It is too early to say if home sales have already passed bottom," Yun said in a statement.

Since there typically is a period of one to two months between when buyers and sellers sign a sales contract and when the property changes hands, pending home sales in June are likely to be completed between July and August.

The trade group's index of pending home sales rose to 102.4 in June, up from a downwardly revised figure of 97.5 in May. Wall Street had been anticipating a slight decrease, as analysts surveyed by Briefing.com forecast a decline of 0.6 percent from the original May number of 97.7.

The index, calculated since 2001, is based on a national sample that represents about 20 percent of existing home sales.

It is considered an indicator of how sales will perform in the coming weeks because it measures home purchases in which a sales contract has been signed, but the deal has not yet been closed.

The report is comes amid a flood of negative news about the housing market and the troubled mortgage industry. A housing index released Tuesday by Standard & Poor's said U.S. home prices fell for a fifth consecutive month in May, the index's steepest drop in about 16 years. The S&P/Case-Shiller index that covers 10 U.S. cities fell 3.4 percent in May from a year earlier in the steepest decline since the summer of 1991

Numerous mortgage companies are facing troubles — especially those that targeted customers with weak credit. New York-based American Home Mortgage Investment Corp. lost 90 percent of its market value on Tuesday after saying it may have to sell off its assets, and analysts were skeptical about its ability to survive.

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