

Pending home sales move higher in April

Associated Press

Jun. 9, 2008 08:27 AM

NEW YORK - Pending home sales unexpectedly increased in April to the highest reading since October, an industry group said Monday, but they remain more than 13 percent below a year ago.

The National Association of Realtors' seasonally adjusted index of pending sales for existing homes rose to 88.2 from a March reading of 83.0, the lowest since the index was started in 2001. The index stood at 101.5 in April 2007.

Wall Street economists polled by Thomson/IFR had predicted the index would remain steady at 83.

A reading of 100 is equal to the average level of sales activity in 2001.

The April index in the West climbed 8.3 percent from March and is 4 percent higher than a year ago. In the Midwest, the index jumped 13 percent, but is still lower than in 2007. The South posted a 4.6 percent gain, while the Northeast index declined 1.9 percent.

NAR Chief Economist Lawrence Yun noted that pending sales contracts have ticked up in areas with the largest price declines such as Detroit and Las Vegas.

"Bargain hunters have entered the market en masse," he said. "Sharp price reductions are leading to a quicker discovery of price equilibrium points."

Yun forecasts that the median price of an existing home will drop 8.4 percent in the first half of the year before stabilizing. In 2009, prices will rise 4.4 percent to \$213,900, he predicts.

Existing home sales this year are expected to total 5.40 million and then increase to 5.74 million next year, Yun said.