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WASHINGTON, February 01, 2007 - Pending home sales are higher, affirming the stabilization that is occurring in home sales, according to the National Association of Realtors®.

[The Pending Home Sales Index](#),* based on contracts signed in December, rose 4.9 percent to an index of 112.4 from an upwardly revised level of 107.2 in November, but is 4.4 percent lower than December 2005.

The monthly gain was the biggest increase since March 2004 when the index rose 6.9 percent. A steady narrowing from year-ago readings has been observed since last July when the level of unsold housing inventory peaked at an all-time high.

[David Lereah](#), NAR's chief economist, said a moderate rise in existing-home contracts is a welcome relief for the real estate markets. "Some of the monthly gain may be weather related, but it appears buyers are becoming more comfortable, sensing the timing is good and that their local market has bottomed out," he said. "I expect modest sales gains throughout the year, with what I believe are sustainable levels of activity. 2007 promises to be the fourth best year on record."

The 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 and the transaction has not closed, but the sale usually is finalized within one or two months of signing.

An index of 100 is equal to the average level of contract activity during 2001, the first year to be examined and the first of five consecutive record years for existing-home sales. There is a closer relationship between annual changes in the index and actual market performance than with month-to-month comparisons.

The upturn was broad based, with all regions showing an increase. The PHSI in the Northeast jumped 8.1 percent in December to 89.9 but was 4.8 percent below a year ago. The index in the West rose 5.3 percent to 112.2 but was 4.9 percent below December 2005. The index in the South increased 4.3 percent to 129.8 but was 4.2 percent lower than a year earlier. In the Midwest, the index was up 3.2 percent in December to 103.2 but was 4.3 percent below December 2005.

The National Association of Realtors®, "The Voice for Real Estate," is America's largest trade association, representing more than 1.3 million members involved in all aspects of the residential and commercial real estate industries.

is a closer parallel between annual index changes (from the same month a year earlier) and year-ago changes in sales performance than there is with month-to-month comparisons.

The forecast will be revised February 7, and existing-home sales for January will be released February 27. The next Pending Home Sales Index will be on March 6.