

THE WALL STREET JOURNAL.

• WSJ.com

• APRIL 5, 2010, 10:37 A.M. ET

Pending Home Sales Rise

By [JEFF BATER](#)

WASHINGTON -- Americans rushed to sign contracts for previously owned homes in February, signaling a fat tax credit might revive the housing market this spring.

Separately, the Institute for Supply Management's purchasing managers' index for nonmanufacturing increased to 55.4 in March, that's better than 53.0 in February and 53.5 expected. The business activity subindex jumped to 60.0 from 54.8. The employment subindex rose to 49.8 from 48.6, but remains in contractionary territory. A reading over 50 indicates expansion.

Despite snowstorms and joblessness, the National Association of Realtors' index for pending sales of used homes rose by 8.2% to 97.6, the industry group said Monday.

Economists surveyed by Dow Jones Newswires had expected pending home sales would decline in February by 0.5%.

January pending home sales were revised slightly down, to 90.2 from an originally reported level of 90.4.

The NAR index is based on pending sales of existing homes, including single-family homes and condominiums. A home sale is pending when the contract has been signed but the transaction hasn't closed. Pending sales typically close within one or two months of signing.

The unexpected increase raised spirits in the housing industry. Home resales had fallen three consecutive times, including a 0.6% drop in February that suggested a fragility of the housing sector.

"The rise in buyer contract activity may signal the early stages of a second surge of home sales this spring," NAR economist Lawrence Yun said.

The government has enacted two tax credits over the past year to spur home buying. The second one is good through April, and sellers have been hoping for a spring rush.

Year over year, the NAR pending home sales index was 17.3% higher than its level of 83.2 in February 2009.

The tax credit helped sales in 2009, as did low prices and mortgage rates that helped fight the headwinds of high unemployment and tight credit.

In its monthly forecast on the industry, the NAR projected existing-home sales of 5.49 million this year and 5.70 million in 2011. That compares with 5.16 million in 2009.

The median price for an existing home is seen at \$177,200 in 2010 and \$184,800 in 2011. It was \$172,500 in 2009. Mr. Yun said a second sales surge would draw down inventory and stabilize home values.

By region, pending sales in the Northeast rose 9.0% in February and were 18.9% higher than a year earlier.

The Midwest rose 21.8% and was 18.7% higher than a year earlier. Pending sales in the South climbed 9.2% and were 17.5% above February 2009. The West fell 4.8% but were 14.6% higher than the year prior.

Courtesy JB Goodwin