

Nov. pending home sales rise

By Derek Kravitz, Associated Press
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<http://www.usatoday.com/money/economy/housing/story/2011-12-29/november-housing-contracts/52266760/1>

WASHINGTON—The number of Americans who signed contracts to buy homes in November rose to the highest level in a year and a half.

Normally, such a gain would suggest a turnaround for the depressed housing market. But a growing number of buyers are canceling their contracts at the last minute, making it a less reliable gauge.

The [National Association of Realtors](#) said Thursday that its index of sales agreements jumped 7.3% last month to a reading of 100.1.

A reading of 100 is considered healthy. The last time the index was that high was in April 2010, one month before a federal home-buying tax credit expired.

Contract signings usually indicate where the housing market is headed. There's a one- to two-month lag between a signed contract and a completed deal.

But a sale isn't final until a mortgage is closed and many are falling apart before that happens. One-third of Realtors say they've had at least one contract scuttled in November and October, according to the Realtors group. That's up from 18% in September.

Homes are the most affordable they've been in decades. Long-term mortgage rates are at historic lows and prices in most metro areas have tumbled since late 2006.

Yet this year will likely be the worst year for new-home sales in history. Sales of previously occupied homes are just barely ahead of 2008's dismal figures — the worst yearly showing since 1997.

Americans are holding off buying a home for a number of reasons. High unemployment and weak job growth have deterred many potential buyers. Loans are harder to come by. Lenders are requiring bigger down payments and strong credit scores to qualify.

Even those with good credit and stable finances are hesitant to buy out of concern home prices will keep falling.

Courtesy of JB Goodwin