

# Pending home sales rise 5.3 percent

By ALAN ZIBEL, AP Business Writer Thu Aug 7, 10:53 AM ET



**A measurement of pending home sales rose in June in a rare piece of positive news for the beleaguered market.**

The National Association of Realtors' seasonally adjusted index of **pending sales for existing homes rose 5.3 percent to 89 from May's reading**, which was revised downward to 84.5 from an earlier reading of 84.7.

The June index was 12 percent below year-ago levels.

**Home sales are considered pending when the seller has accepted an offer, but the deal has not yet closed. Typically there is a one- to two-month lag before a sale is completed.**

**Wall Street economists surveyed by Thomson/IFR had predicted the index would fall to 84.3.** The index, which sunk to a record low of 83 in March, stood at 101.4 in June 2007. A reading of 100 is equal to the average level of sales activity in 2001, when the index started.

Last month, the Realtor group said completed sales of existing homes fell more sharply than expected in June, pushing activity down to the lowest level in more than a decade. Many analysts predict home prices will keep falling until at least next spring as tighter credit, a weaker job market and rising foreclosures scare potential buyers away.

**Still, the NAR predicts a package of housing legislation signed by President Bush last week — particularly a \$7,500 tax credit for first-time homebuyers — will aid a recovery.**

"With a tax credit now available to first-time home buyers, increases in home sales could be sustained with the momentum carrying into 2009," Lawrence Yun, the group's chief economist, said in a statement.

Others are less optimistic about a market embroiled in its worst downturn in decades. Richard Syron, chief executive of mortgage finance company Freddie Mac said Wednesday he expects home prices nationwide to fall 18 percent from peak to trough, according to their measure, and that the market is only halfway through the descent.

