

HOME BUYER OPPORTUNITIES APPEAR TO BE OPENING UP

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More homes are for sale, yet home buyers don’t appear to be in a rush. Pending home sales fell 2.1% in May, and are down nearly 7% from a year ago when home choices were much slimmer, according to the National Association of REALTORS®’ newly released Pending Home Sales Index, a forward-looking indicator of home sales based on contract signings.

“The market is at an interesting point with rising inventory and lower demand,” says NAR Chief Economist Lawrence Yun. Total housing inventory at the end of May was up nearly 19% compared to a year ago, according to NAR’s latest existing-home sales report.

“Supply and demand movements suggest easing home price appreciation in upcoming months,” Yun says. Median existing-home sales prices in May surged to the highest price ever recorded—reaching \$419,300, NAR reports.

The drop in home sales last month may have been a reaction to higher home prices and a surge in mortgage rates, which eclipsed 7% last month. Sales of newly built single-family homes fell 11.3% in May—reaching the lowest pace since November 2023. Home builders blamed mortgage rates for the sudden sales contraction.

“Persistently high mortgage rates in May kept many prospective buyers on the sidelines,” says Carl Harris, chairman of the National Association of Home Builders. “However, significant unmet demand exists, and we expect mortgage rates to moderate in the coming months, which will bring more buyers into the market.”

Mortgage rates have since fallen from their recent 7% highs. NAR predicts that rates likely will remain above 6% in 2024 and 2025.

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