Contracts to buy homes fall to 7-month low

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WASHINGTON — The number of people who signed contracts to buy homes fell sharply in April, hitting its lowest point since fall and renewing fears that a recovery in the housing market is far off. An index of sales agreements for previously occupied homes sank 11.6 percent last month to a reading of 81.9, the National Association of Realtors said Friday. A reading of 100 would be considered healthy.

The last time the index reached at least 100 was in April 2010. That was the final month when people could qualify for a home-buying tax credit of up to $8,000.

Signings are still nearly 8 percent above June's reading of 75.9, the lowest figure since the housing bust.

Contract signings are considered a reliable indicator of the housing market's direction. That's because there's usually a one- to two-month lag between a sales contract and a completed deal.

But the Realtors group has noted a larger-than-usual number of contract cancellations in recent months. Some buyers have canceled purchases after appraisals showed that the homes were worth less than the buyers' initial bids. A sale isn't final until a mortgage is closed.



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Pending home sales fell in April with regional variations following increases in February and March, with unusual weather and economic softness adding to ongoing problems that are hobbling a recovery, according to the National Association of Realtors.

There "appears to have been a sudden arrest in willingness to commit to a home purchase," said Pierre Ellis, a senior economist at Decision Economics.

"April sale closings came in noticeably less strong than March contract signings — hinting at mortgage problems," Ellis said.

The Realtors group said Friday's report "implies a slower-than-expected market recovery in upcoming months," in light of rising oil prices, severe weather across the Midwest and South and a rise in applications for unemployment benefits.