Signed contracts to buy homes level off

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WASHINGTON — The number of Americans who signed contracts to buy existing homes in November was essentially unchanged from October, suggesting sales are stabilizing after several months of declines.

The National Association of Realtors said Monday that its seasonally adjusted pending home sales index ticked up to 101.7 from 101.5 in October. The October figure was revised lower from an initial reading of 102.1.

Higher mortgage rates and strong price gains over the past two years have slowed sales. The pending home sales index had fallen for five straight months before November. And completed sales of existing homes fell for three straight months, the Realtors said earlier this month.

There is generally a one- to two-month lag between a signed contract and a completed sale.

The average interest rate on a 30-year mortgage edged higher to 4.48 percent last week, from 4.47 percent the previous week. Rates jumped about 1.25 percentage points from May through September, peaking at 4.6 percent. That increase occurred after Federal Reserve Chairman Ben Bernanke indicated that the Fed would start to slow its bond-buying program before the end of the year.

Earlier this month, the Fed announced it will reduce its $85 billion in monthly bond purchases by $10 billion a month starting in January. The bond purchases are intended to push down longer-term interest rates and encourage more borrowing and spending.

Robert Kavcic, an economist at BMO Capital Markets, said that recent housing market indicators have been mixed.

Applications for mortgages to purchase homes fell to a nearly two-year low last week, he said.

Still, "we continue to believe that the U.S. housing market will absorb the upward move in mortgage rates and push higher in 2014, helped by still-attractive affordability, better job growth and improved confidence in the recovery," Kavcic said.

Despite the recent declines, home re-sales should reach 5.1 million in 2013, the best total in seven years, the Realtors forecast. That's 10 percent higher than 2012's total of almost 4.7 million. But it's still below the 5.5 million that is consistent with a healthy housing market.

The Realtors forecast that sales will remain largely flat in 2014 and then rise to 5.3 million in 2015. Steady job gains should make it easier for more people to buy homes. And mortgage rates remain low by historical standards.

Signed contracts rose in the South and West last month, while falling in the Northeast and Midwest.