



# Economics Group

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## Pending Home Sales Surge in May

*Pending home sales jumped 44.3% during the month, but are down 5.1% over the year. The surge in sales, which was well ahead of expectations, is the latest evidence that the housing market is fully on the path to recovery.*

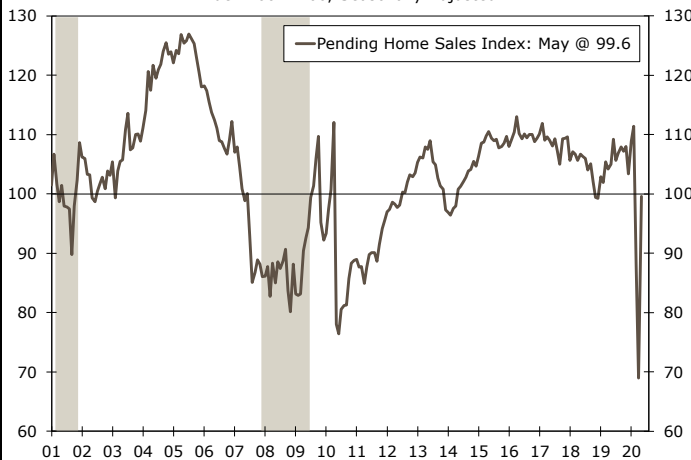
### Home Sales Rebounding

- The Pending Home Sales Index is based on signed contracts for single family as well as condo sales and leads existing sales by 30 to 45 days. In other words, we are likely to see a similar bounce in existing sales (closed contracts) in coming months.
- Pending sales are still down 5.1% over the year and almost 11% from February’s peak. That said, the steady rise in purchase mortgage applications also points to more improvement ahead.

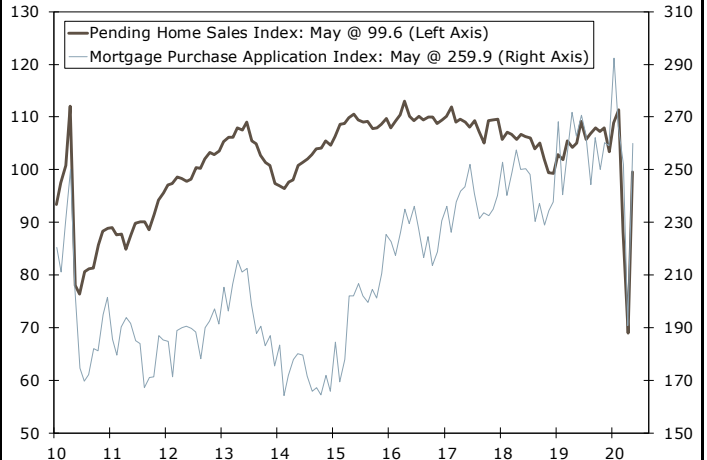
### Every Region Saw a Bounce

- The above-consensus gain indicates that many sales were likely delayed, as opposed to canceled, as a result of the lockdowns.
- Pending sales rose by double-digits in every region, and the South, Midwest and West have almost returned to prior-peak levels. The formerly COVID-embattled Northeast is still about 36% below February levels, which suggests the latest outbreaks of the pandemic in the Sun Belt could hamper sales there this summer.

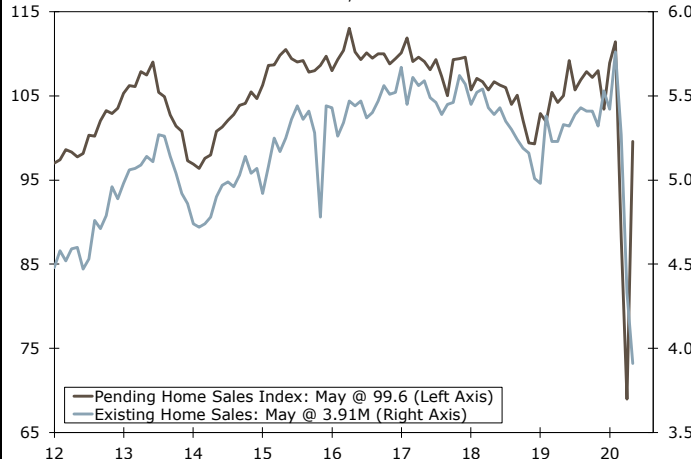
**Pending Home Sales Index**  
 Index 2001=100, Seasonally Adjusted



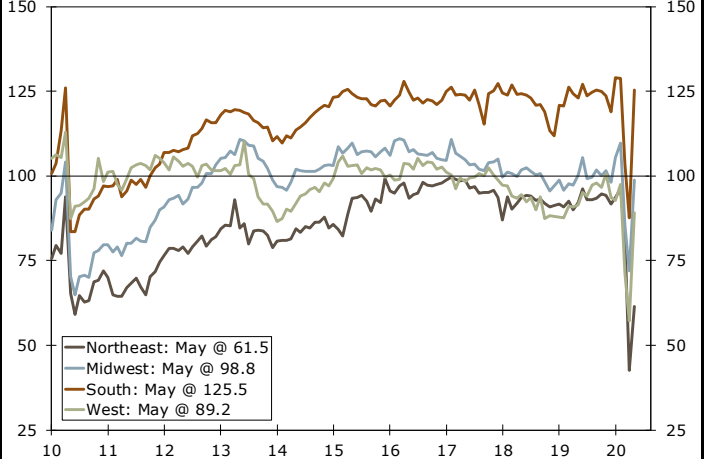
**Pending Home Sales vs. Mortgage Purchase Apps**  
 Index 2001=100 (Brown) vs. Index 1990=100 (Blue)



**Pending vs. Existing Home Sales**  
 Index 2001=100, SAAR in Millions



**Pending Home Sales Index By Region**  
 Index 2001=100



Source: U.S. Department of Commerce, NAR, MBA and Wells Fargo Securities

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