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Pending Home Sales Fall Unexpectedly

The number of homes going under contract in the U.S. continues to fall amid high mortgage rates that are depressing the housing market, according to a monthly index.

The pending home sales index, a leading indicator of house sales based on contract signings, dropped 0.4% on month in July, having fallen by 0.8% in June, according to a National Association of Realtors report.

Economists polled by The Wall Street Journal had expected a rise of 0.3%.

"Even with modest improvements in mortgage rates, housing affordability, and inventory, buyers still remain hesitant," NAR economist Lawrence Yun said.

An anticipated cut to interest rates would offer a boost to demand, Yun said.

Pending home sales were 0.7% higher compared with a year earlier.

All regions of the U.S. showed decreasing sales, except the West, where sales were 3.7% higher on month.

The unexpected decline adds to signs that the American housing market is struggling to gain traction.

—Joshua Kirby

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