

By JUSTIN LAHART

In another sign that the housing market may have begun to recover, the number of people who signed contracts to purchase homes increased for the third month in a row.

A sign indicates the pending sale of a home in Little Rock, Ark.

WSJ's Nick Timiraos says that there is more good news for housing as the pending home sales index has risen for the third straight month, but may not entirely be out of the woods yet.

The National Association of Realtors said its index of pending-home sales rose 6.7% in April to 90.3 from 84.6 in March. Increases in contract signings typically lead to more sales a month or two later.

The relationship between the two has been less steady since the fall, as more would-be home buyers have struggled to get financing. But the increase in signings is large enough to augur more home purchases, said Joshua Shapiro, an economist with MFR. "Clearly, within the next couple of months there's going to be a decent increase in actual home sales," he said.

Much of the April increase came from the Northeast, where contract signings rose 32.6%. Signings rose 9.8% in the Midwest and 1.8% in the West; they slipped 0.2% in the South.

Year over year, the index was up 3.2%. The 6.7% monthly increase was much larger than the 0.5% gain analysts had projected.

Last week, the Realtors said sales of previously owned homes rose in April, with sales of foreclosed and other distressed properties accounting for nearly half of the total. The Commerce Department said sales of new homes also edged higher in April.

—Jeff Bater contributed to this article.

Write to Justin Lahart at justin.lahart@wsj.com

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