

Existing Home Sales Reach Highest Levels Since 2006

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Existing home sales resumed an upward trajectory in December. After drifting lower by 2.5 percent in November, **breaking a five-month streak of gains**, the National Association of Realtors® (NAR) said sales in the last month of the year rose 0.7 percent.

Sales of single-family homes, townhomes, condominiums, and co-ops, were at a seasonally adjusted annual rate of 6.76 million during the month, compared to 6.69 million units in November. This represented a 22.2 percent increase over the 5.53 million unit rate a year earlier.

The numbers were above the 6.40 million to 6.62 million range of forecasts by analysts polled by Econoday. Their consensus was for an annual rate of 6.55 million units.

Single-family home sales were also 0.7 percent higher than the previous month at an annual rate of 6.03 million units compared to 5.99 million in November, an annual gain of 22.8 percent. Condo and cooperative apartments sold at a rate of 730,000 units, 1.4 percent **and 17.7 percent increases over the two earlier periods.**

"Home sales rose in December, and for 2020 as a whole, we saw sales perform at their **highest levels since 2006, despite the pandemic**," said Lawrence Yun, NAR's chief economist. "What's even better is that this momentum is likely to carry into the new year, with more buyers expected to enter the market."

"Although mortgage rates are projected to increase, they will continue to hover near record lows at around 3 percent," Yun said. "Moreover, expect economic conditions to improve with additional stimulus forthcoming and vaccine distribution already underway."

The median existing-home price for all housing types in December was \$309,800, a 12.9 percent increase from the median of \$274,500 a year earlier and the 106th straight month of annual appreciation. Prices increased in every region. The median existing single-family home price was \$314,300 in December, a 13.5 percent annual gain, while condo prices were up 6.9 percent to a median of \$272,000.

Inventories continue to shrink. There were only 1.07 million available housing units for sale at the end of December, 16.4 percent fewer than were for sale at the end of November and 23 percent fewer than the prior December. The December supply was at an all-time low of 1.9 months at the current sales pace. The November supply was 2.3-months, and the December 2019 inventory represented a supply for 3.0 months,

Properties typically remained on the market for 21 days in December, seasonally identical with November and down from 41 days in December 2019. Seventy percent of the homes sold in December 2020 were on the market for less than a month.

"To their credit, **homebuilders and construction companies have increased efforts to build**, with housing starts hitting an annual rate of near 1.7 million in December, with more focus on single-family homes," Yun said. "However, it will take vigorous new home construction in 2021 and in 2022 to adequately furnish the market to properly meet the demand."

First-time buyers were responsible for 31 percent of sales in December, unchanged from the same time in 2019, but down from 32 percent in November 2020. Individual investors or second-home buyers purchased 14 percent of homes and 19 percent were all-cash sales. Less than 1 percent of sales were foreclosures or short sales.

Existing home sales climbed 4.5 percent in the **Northeast** to an annual rate of 930,000 units, up 27.4 percent year-over-year. The median sales price rose 19.0 percent on an annual basis to \$362,100. Sales in the **Midwest** were unchanged from November at an annual rate of 1,590,000 units, but this was 26.2 percent higher than sales a year earlier. The median price in the region was \$235,700, 13.7 percent annual growth.

The **South** saw a 1.1 percent increase in the annual rate of sales to 2,860,000, a 20.7 percent improvement from the same time one year ago. The median price grew 11.3 percent to \$268,100. Sales in the **West** were down 1.4 percent month-over-month but retained a 17.9 percent edge over the previous December at 1,380,000 units. The median price was \$467,900, up 14.2 percent from December 2019.

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