

It's March and the Spring Market is MIA

By: Jann Swanson | Fri, Apr 23 2021, 10:32 AM

Existing home sales declined for the second straight month in March. The National Association of Realtors® (NAR) said single-family homes, townhomes, condos, and cooperative apartments sold at a seasonally adjusted annual rate during the month of 6.01 million units. This is down 3.7 percent from February's sales pace, but still marks an increase of 12.3 percent from the March 2020 rate of 5.35 million. **The two-month downturn** has reduced the annual sales rate by more than 600,000 units since January.

Sales of single-family homes dropped 4.3 percent compared to the prior month to a rate of 5.54 million, 10.4 percent more than a year earlier. Condo and co-op sales rose 1.4 percent and were 29.1 percent higher year-over-year.

"Consumers are facing much higher home prices, rising mortgage rates, and falling affordability, **however, buyers are still actively in the market,**" said Lawrence Yun, NAR's chief economist. He added that sales would have been measurably higher, had there been more inventory. He added. "Days-on-market are swift, multiple offers are prevalent, and buyer confidence is rising."

Yun said that, although mortgage rates have risen a tick, they are still at a favorable level and the economic outlook is promising. "At least half of the adult population has received a COVID-19 vaccination, according to reports, and recent housing starts and job creation data show encouraging dynamics of more supply and strong demand in the housing sector."

The median existing-home price in March was \$329,100, an annual increase of 17.2 percent, a gain that marks the 109th month of uninterrupted home price appreciation. The median existing single-family home price was \$334,500, 18.4 percent growth, and condo prices increased by 9.6 percent to \$289,000.

Inventories rose slightly in March to 1.07 million existing homes, a 3.9 percent increase from February and an estimated 2.1 month supply at the current rate of sales. This is up marginally from the 2.0 month supply in February but down by 28.2 percent from 1.49 million listings in March of 2020, an estimated 3.3 month supply.

"Without an increase in supply, the society wealth division will widen with homeowners enjoying sizable equity gains while renters will struggle to become homeowners," Yun said.

Properties typically remained on the market for 18 days in March, a record low, and down from 20 days in February and 29 days in March 2020. Eighty-three percent of the homes sold in March 2021 were on the market for less than a month.

First-time buyers were responsible for 32 percent of sales in March, typical of their share over the last several years. Individual investors or second-home buyers purchased 15 percent of the homes sold, and all-cash sales, many of which are sales to investors, made up 23 percent of transactions. Distressed sales, foreclosures, and short sales, accounted for less than 1 percent of the total.

NAR President Charlie Oppler said it is a priority of his organization to be at the forefront of the anticipated economic revival. "We will continue pushing for an increase in housing construction and inventory, with the goal of helping qualified buyers and countless families achieve the American Dream of homeownership," he said.

Sales were down from the previous month in all four regions, **but prices continued to rise everywhere.** Existing sales slipped 1.3 percent in the Northeast to an annual rate of 760,000 homes, a 16.9 percent jump from a year ago. The median price in the region was \$364,800, an annual increase of 21.4 percent.

The Midwest saw sales down 2.3 percent to an annualized rate of 1,280,000 units, beating out March 2021 transactions by a mere 0.8 percent. The median price was \$248,200, a 13.5 annual gain.

Existing-home sales in the South fell 2.9 percent but the annual rate of 2,700,000 was up 15.9 percent year-over-year. A 15.6 percent increase brought the median price to \$283,900.

Sales in the West declined by 8.0 percent from February to 1,270,000 annual units, a 15.5 percent increase from a year earlier. The median price in the West was up 16.8 percent to \$493,300.

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