

String of Existing Home Price Increases Now Longest on Record

By: Jann Swanson | Wed, Dec 22 2021, 11:19 AM

Existing home sales came in a little lower than expected in November, but it was still the third consecutive gain. The National Association of Realtors® (NAR) said sales of pre-owned single-family houses, townhouses, condos, and cooperative apartments were at a seasonally adjusted annual rate of 6.46 million units, a 1.9 percent increase over the 6.340 million sales in October. This left sales 2.0 percent below the 6.59 million annualized transactions in November 2020.

Single-family home sales were at a seasonally adjusted annual rate of 5.75 million in November, up 1.6 percent from the prior month but 2.2 percent behind the rate a year earlier. Existing condominium and co-op sales came in at a seasonally adjusted annual rate of 710,000 units, up 4.4 percent from 680,000 in October and even with the level a year earlier.

Forecasts from analysts polled by Econoday had ranged from 6.35 million to 6.67 million units. The consensus was 6.510 million units.

"Determined buyers were able to land housing before mortgage rates rise further in the coming months," said Lawrence Yun, NAR's chief economist. "Locking in a constant and firm mortgage payment motivated many consumers who grew weary of escalating rents over the last year. Yun said that **mortgage rates are projected to jump in 2022**, but he does not expect the early increases to be "overly dramatic," forecasting the 30-year fixed rate to average 3.7 percent by the end of 2022.

There were 1.11 million residential units for sale at the end of November, 9.8 percent fewer than the prior month and down 13.3 percent from the 1.28 million in the inventory in November 2020. The current supply is estimated to be sufficient for only 2.1 months of sales at the current pace.

Median existing-home prices continue to post gains, and this marks **117 straight months of year-over-year increases**, the longest-running streak on record. The median existing single-family home price rose 14.9 percent to \$362,600 while condo prices appreciated 4.4 percent to a median of \$283,200.

"Supply-chain disruptions for building new homes and labor shortages have hindered bringing more inventory to the market," said Yun. "Therefore, housing prices continue to march higher due to the near record-low supply levels."

Yun noted that inflation and the pace of home price growth is expected to subside next year. Last week, NAR held its third annual Real Estate Forecast Summit where the consensus of participating economists and housing experts was for inflation to ease next year to a 4.0 percent rate and home prices to increase at a more moderate 5.7 percent.

Properties typically remained on the market for 18 days in November, unchanged from October and three days less than the typical time in November 2020. Eighty-three percent of homes sold last month were on the market for less than 30 days.

The share of first-time buyers fell again in November, representing 26 percent of sales. Their share in October was 29 percent and it was 32 percent in November 2020. Individual investors or second-home buyers, who account for many cash sales, purchased 15 percent of homes in November and nearly a quarter of sales were all-cash transactions compared to 20 percent a year earlier. Distressed sales accounted for only 1 percent of sales, a share that has been consistent for a number of months.

"As the year comes to an end, NAR is very proud of the work we've done to protect homeownership and the valuable investments made in our communities and infrastructure," said NAR President Leslie Rouda Smith "We recognize that further efforts are needed and will continue to promote Fair Housing, work to increase the housing shortage, and fight to dismantle discriminatory housing laws and outdated policies.."

Sales rose compared to October in three of the four major regions and were unchanged in the Northeast at an annual rate of 760,000. This was an 11.6 percent year-over-year decline. The median price in the region was \$372,500, up 4.7 percent on an annual basis.

Existing-home sales in the Midwest ticked up 0.7 percent to an annual rate of 1.520 million in November, 0.7 percent lower than a year earlier. Prices grew 9.0 percent to a median of \$260,100.

The South had a 2.9 percent increase in sales on a monthly basis to 2.850 million, putting it 1.1 percent ahead of sales a year earlier. Home prices surged 18.4 percent to a median of \$318,900.

Sales rose 2.3 percent in the West to an annual rate of 1.330 million, but that lagged the November 2020 sales pace by 3.6 percent. The

median price in region was \$507,200, up 8.4 percent from November 2020.

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