



2020

Weekly Housing Market Monitor

September 21-24

National Association of REALTORS®
Research Group

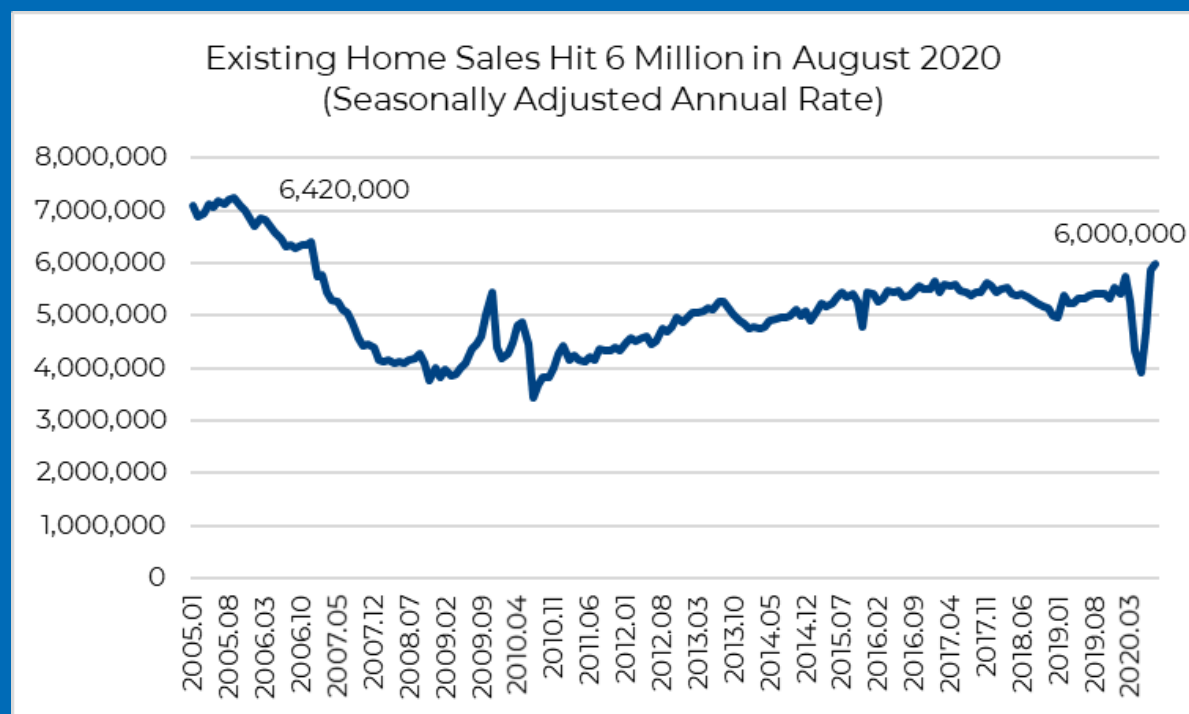


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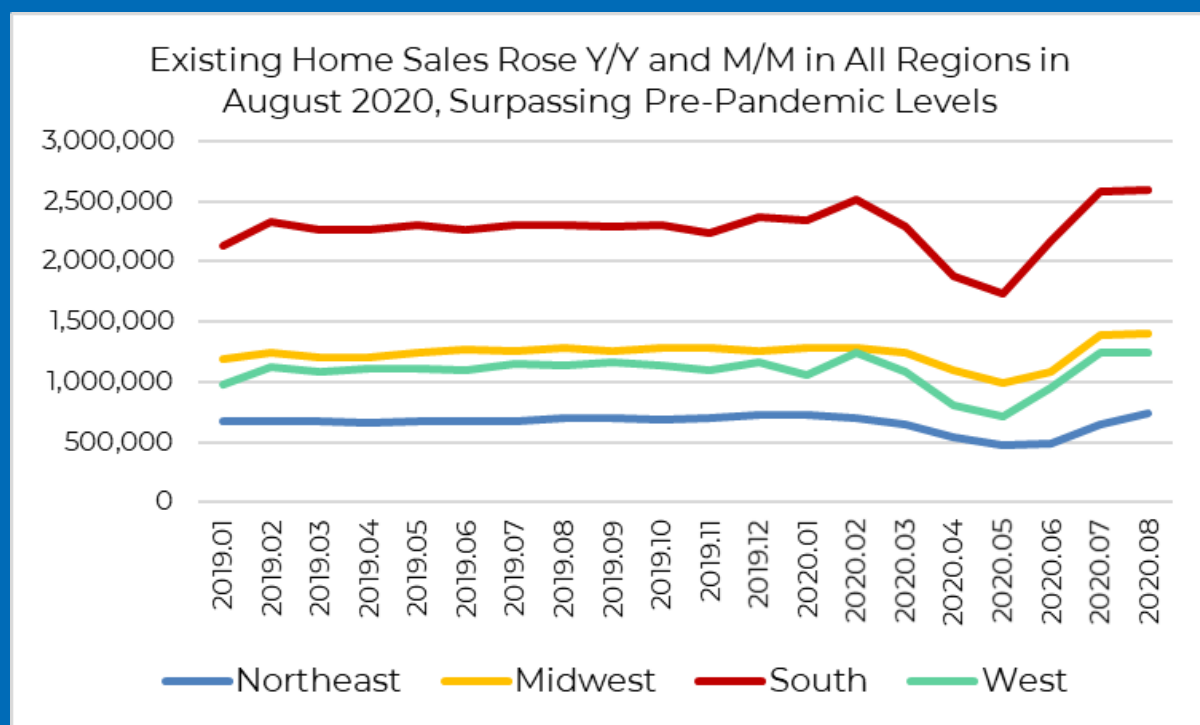
Existing-Home Sales Hit 6 Million in August 2020: Record High Since December 2006

Amid low mortgage rates and sustained job recovery, August existing home sales measured at a seasonally adjusted annual rate hit 6 million, the highest level since December 2006 (6.42 million).



After two months of over 20% m/m growth, the monthly pace tapered to 2.4%, but sales are up 10.5% y/y.

All regions saw more closings compared to the prior month and one year ago. Compared to the prior month, the Northeast had the strongest pace (13.8%), as sales rebound from the delayed reopening of businesses. Compared to year-ago levels, the South region recorded the strongest sales pace (13.0%).



At this pace, sales are on track to hit 5.4 million in 2020, slightly ahead of the 2019 level of 5.34 million.

[Read the press release here](#)

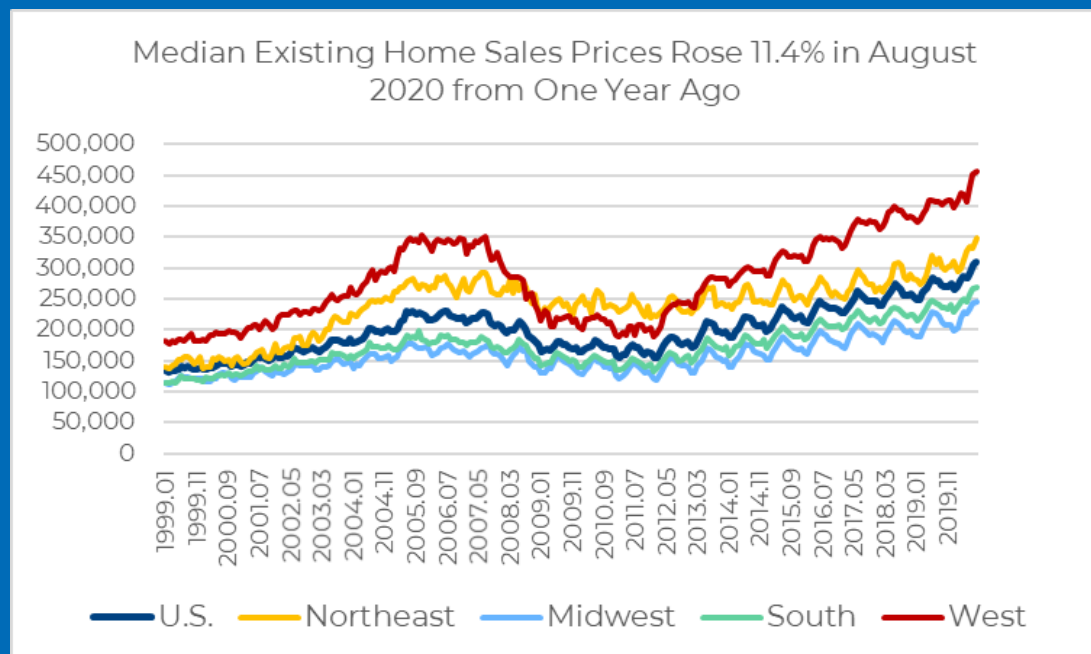


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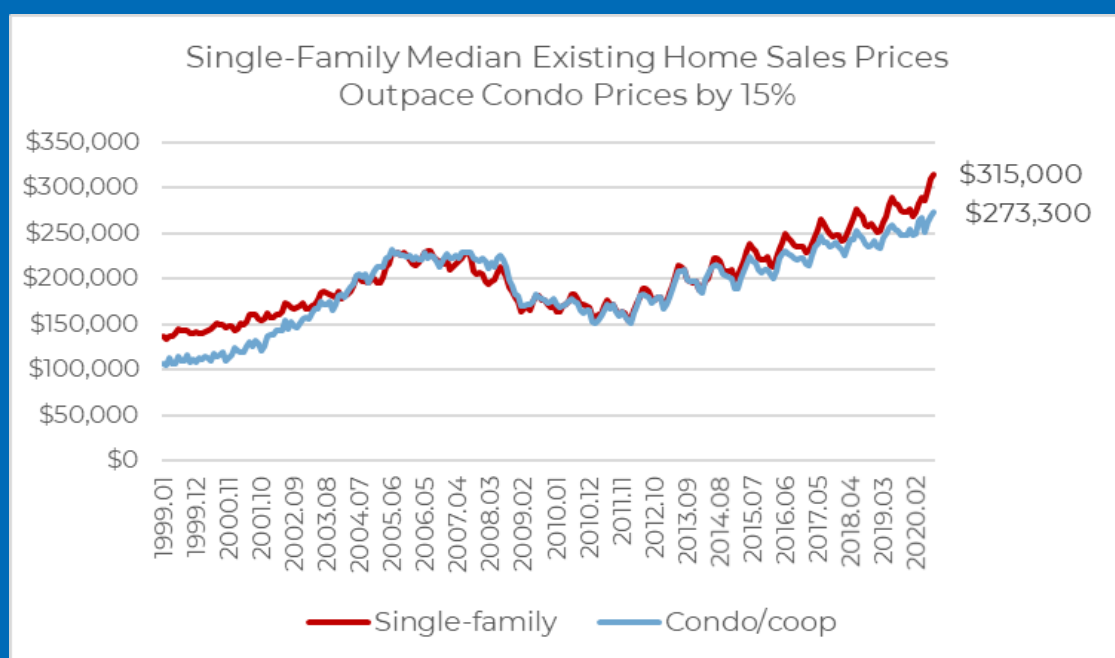
Median EHS Prices Rose 11.4% in August as Prices Rose at Double-Digit Rates in All Regions

With demand outpacing the supply of homes on the market, the median existing home sales price rose to \$310,600, up 11.4% y/y.



All regions had double-digit price growths: South (12.3%), West (11.8%), Midwest (10.7%), Northeast (10.4%).

The median sales price for single-family homes rose 11.7% year-over-year, outpacing the median sales prices for condos/coops, which rose 7.8%. The median sales price for single-family homes was \$315,000, a 15% price premium compared to condo/coop prices which typically sold at \$273,300. Single-family home prices have outpaced condo prices since 2014 as low mortgage rates made a home purchase more affordable.



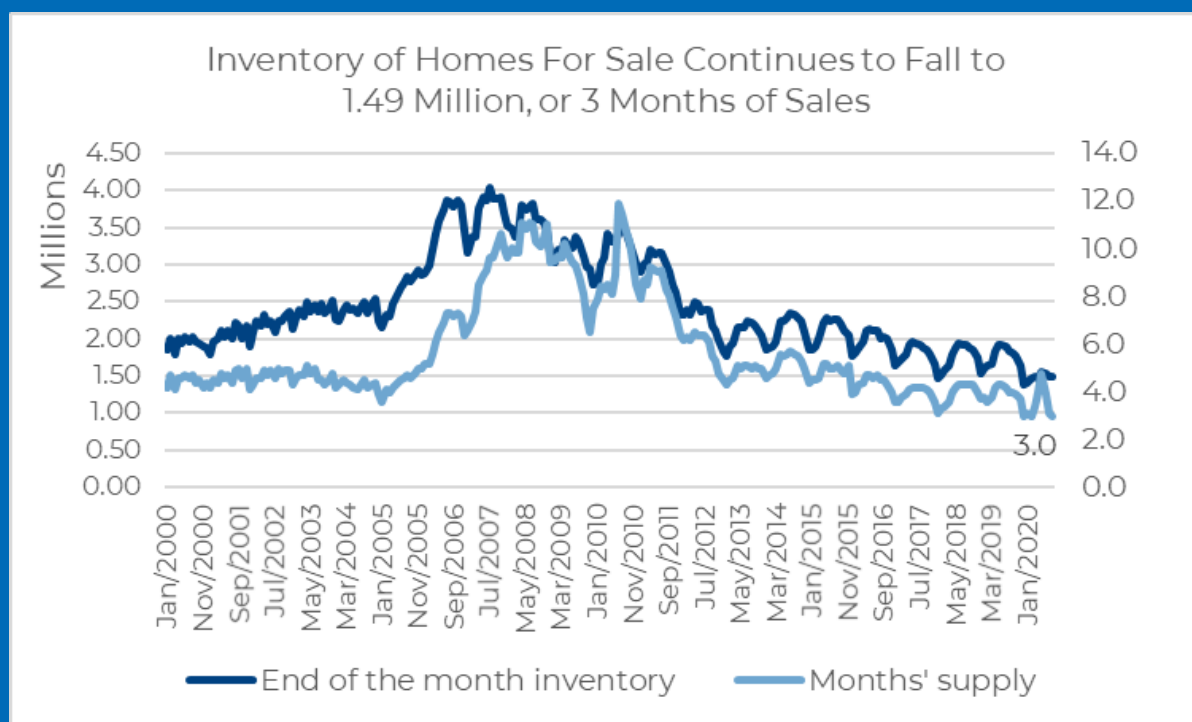
Single-family sales (11% y/y) have also outpaced condo sales (6.8% y/y)—an indication of buyer preference for single-family homes.

Low mortgage rates have made a home purchase for single-family homes more affordable and buyer preference for a home in the suburb may have increased in the wake of social distancing.

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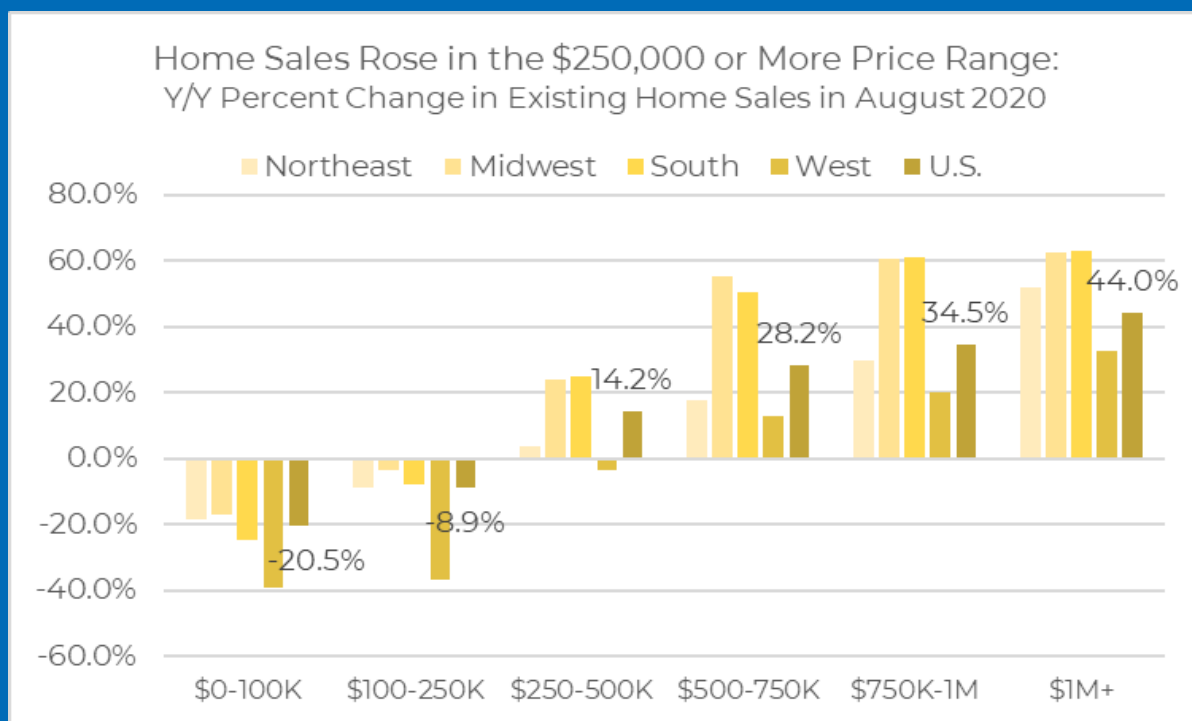
End-of-the-Month Inventory Fell Below Last Year's Level as REALTORS® Report Fewer Sellers

End-of-the-month inventory fell to 1.49 million, a decline of 18.6% compared to August 2019. This is the 15th consecutive month of y/y decline.



This inventory level is equivalent to three months of sales, an all-time low since January 1999. (Months' supply also fell to 3.0 months prior to the pandemic, in February 2020 and December 2019).

The lack of inventory has been acute for properties in the less than \$250,000 price range where sales have fallen by 10% to 20% compared to one year ago.



Meanwhile, sale rose robustly in all regions for homes priced at \$500,000 or higher.

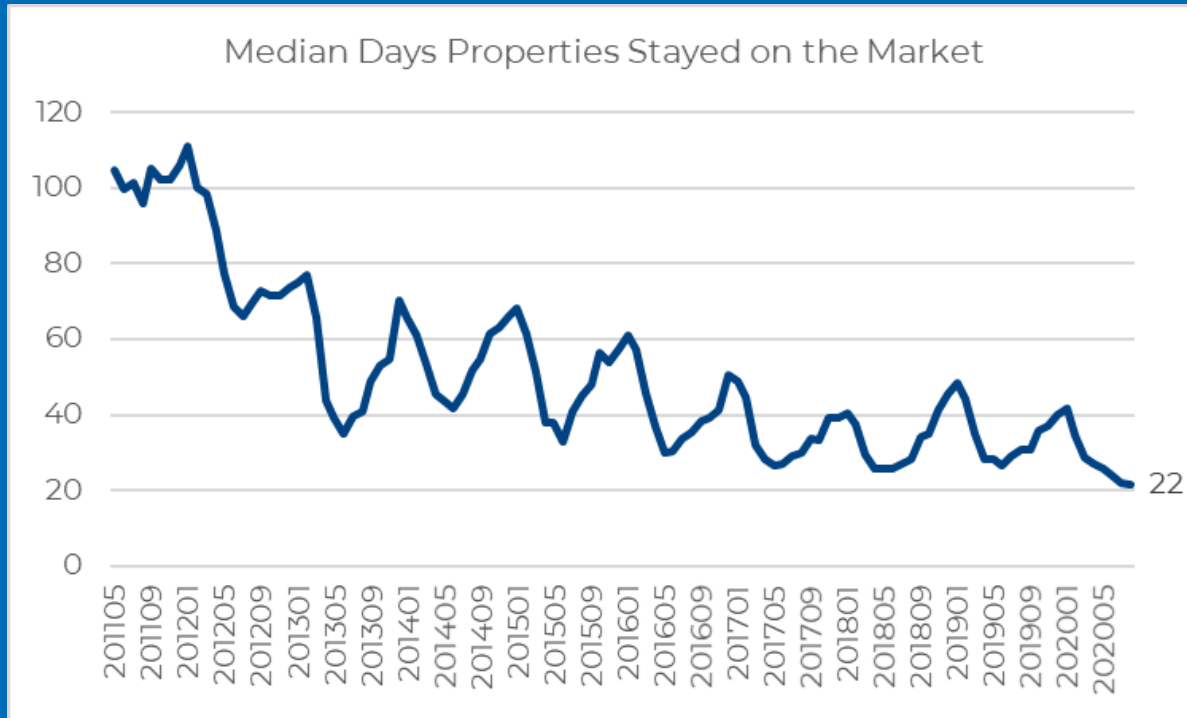


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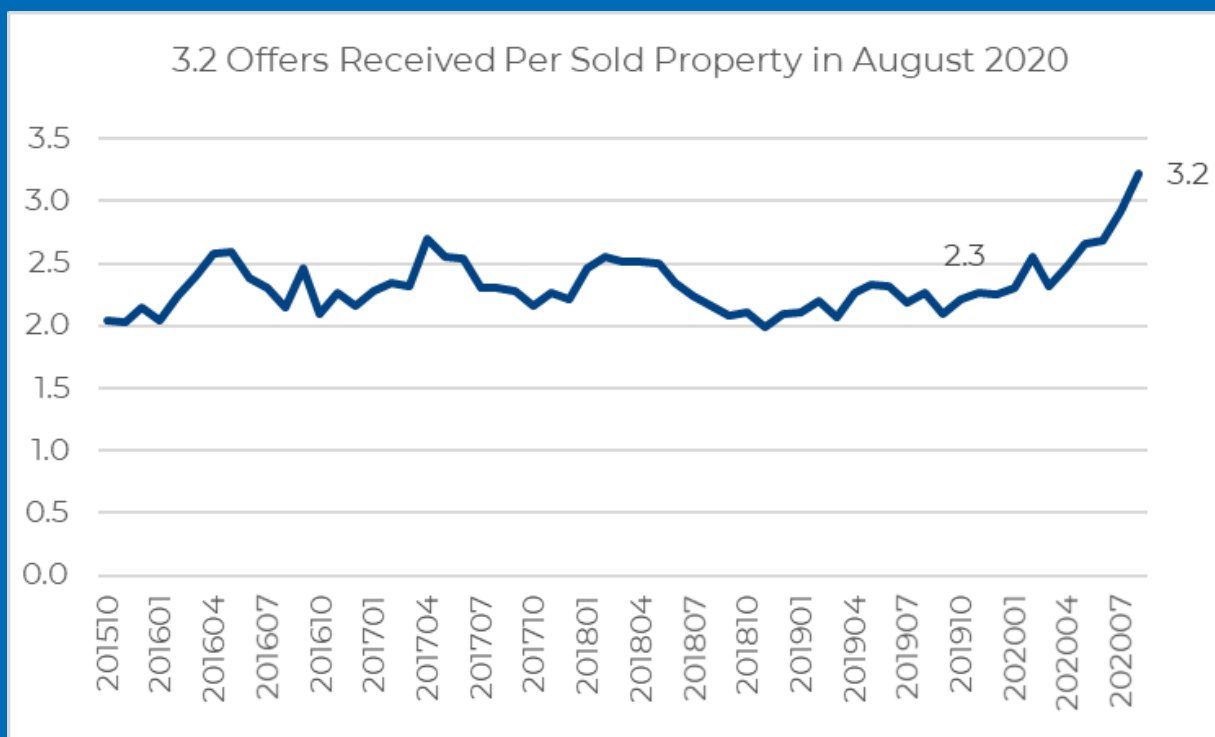
Median Days on Market at 22 Days with Sellers Receiving 3 Offers on Average

With demand outpacing supply, properties typically sold within 22 days, according to REALTORS® who responded to a monthly survey.



About two in three properties sold within one month.

For properties that sold in August, sellers had, on average, slightly more than three offers (3.2 offers), up from two offers on year ago.

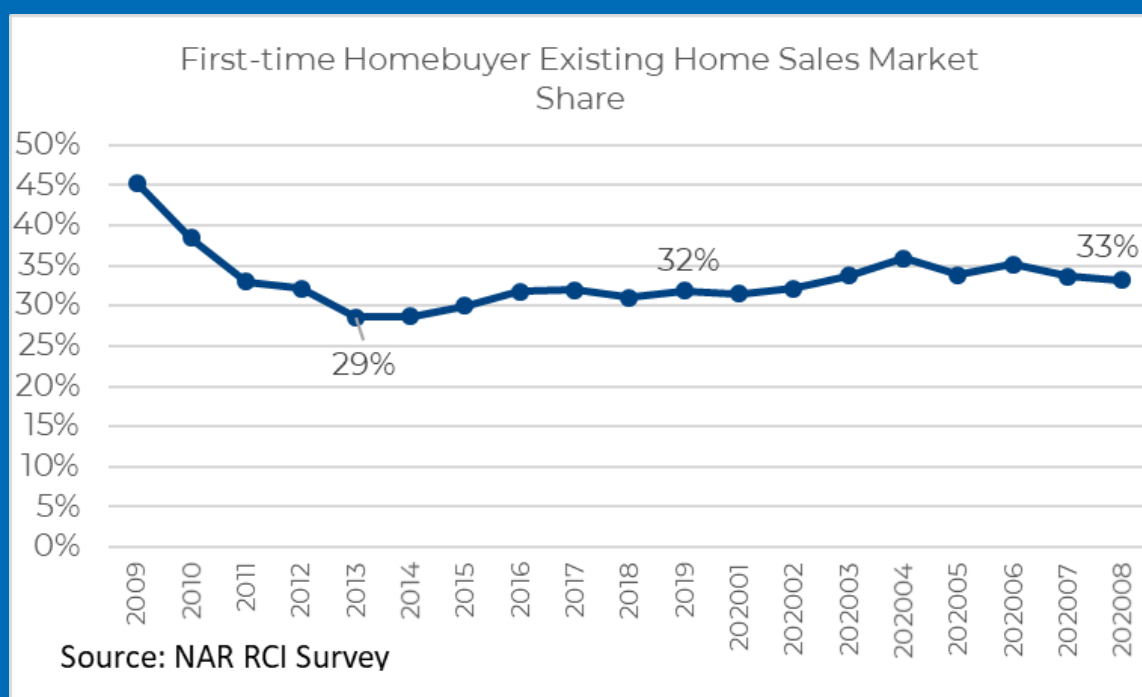


[Read the full REALTORS® Confidence Index](#)

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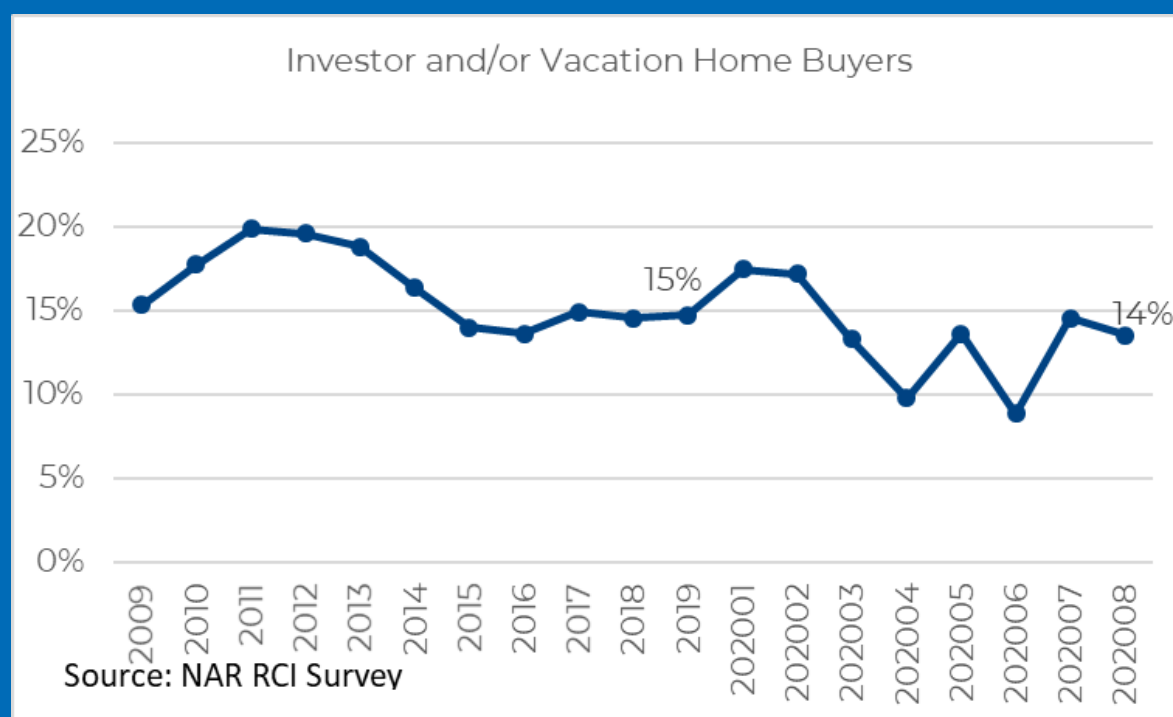
First-time Buyer Share: 33% in August 2020

First-time buyers made up 33% of all existing home buyers based on information gathered from NAR's monthly survey of REALTORS®. The share of buyers is slightly up from 32% in 2019. However, the share of first-time buyers has slightly declined since June when it hit 35%.



While mortgage rates are falling, rising prices may be making it harder for first-time buyers to make a down payment.

Non-primary residence buyers made up 14% of the market. These are buyers who purchased a home to rent out (7%) or to use as a vacation home (6%). The share of non-primary residence buyers appears to have declined from 15% in 2019.



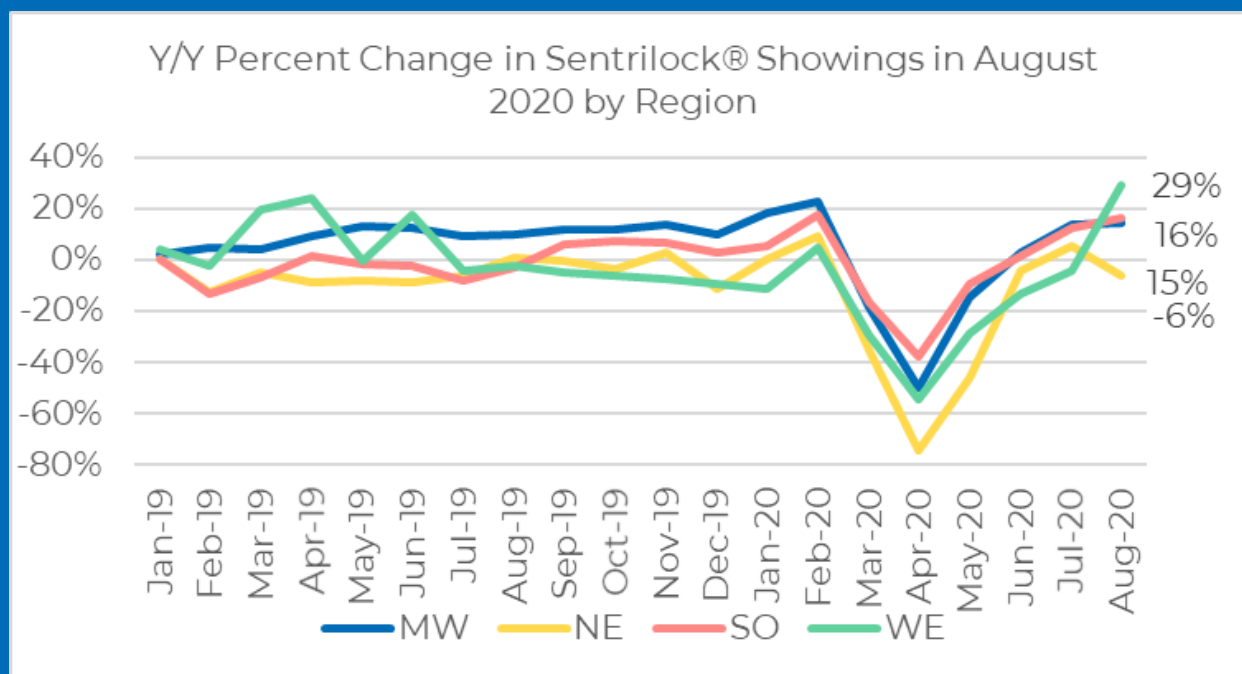
Second home buyers make a higher down payment so rising prices may be making it harder to put in the down payment.

[Read the full REALTORS® Confidence Index](#)

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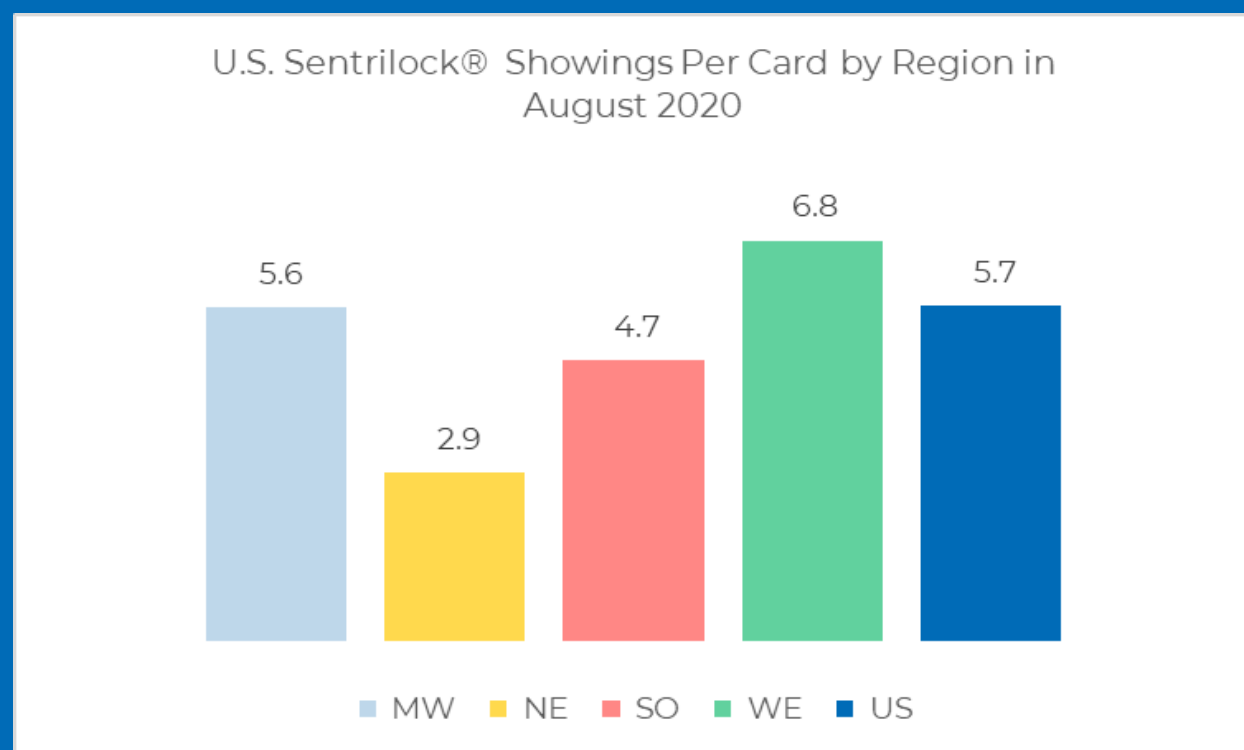
Sentrilock® Home Showings Rose 20% y/y in August

Homes showings where agents access the home using Sentrilock® lockboxes rose 20 percent August 2020 compared to one year ago.



Showings have rebounded since April when they fell 50% year-over-year. Showings rose in all regions except the Northeast (-6%), with the highest y/y increase in showings in the West (29%), South (16%), and Midwest (15%).

An indicator of home demand and potential offers on a home is showings per card.



On average, there were 5.7 showings per card, with the highest showings per card in the West (6.8 showings) and the least showings per card in the Northeast (2.9).

[Read the Full Foot Traffic Report](#)

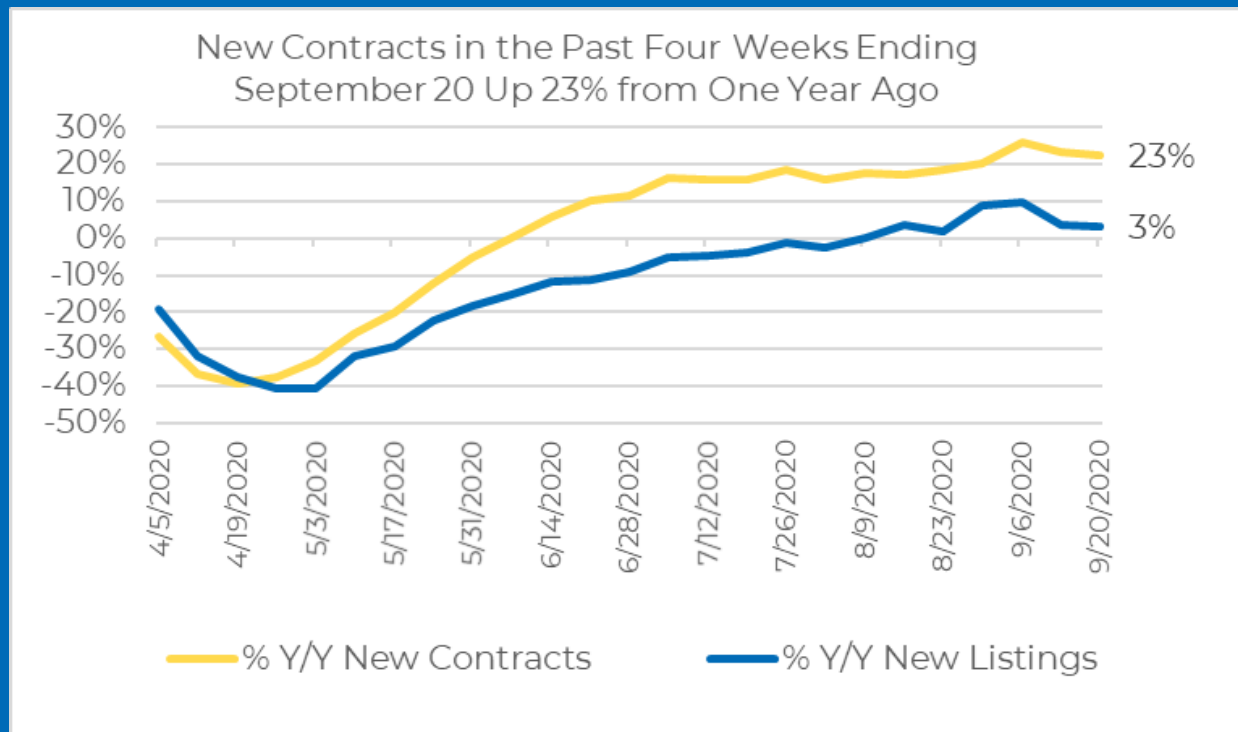


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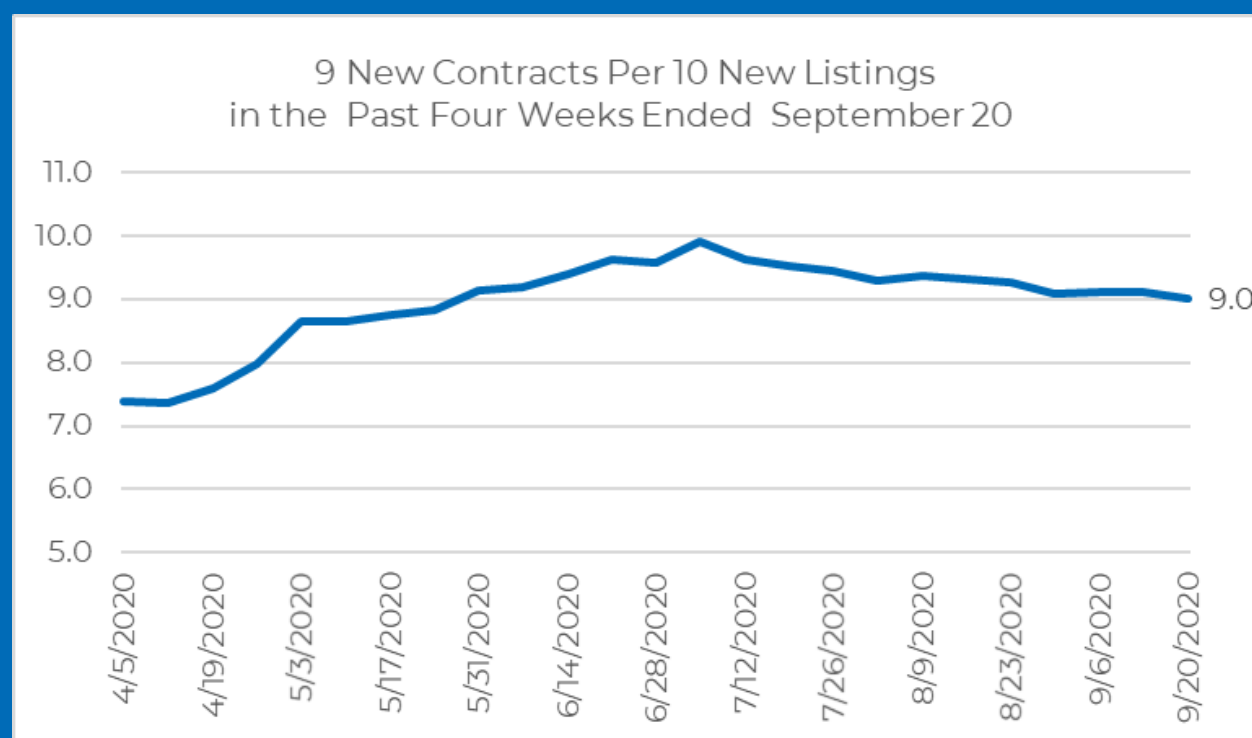
Prices, New Contract Signings Up 23% in the Past Four Weeks *

The housing market continues to recover strongly, fueled by low mortgage rates. Contract signings during the past four weeks ending September 20 were up 23% from one year ago.



New listings rose 3% from one year ago, a slower rate compared to the prior week's pace (4%). The slower rate of increase in listings indicates that supply will remain a constraint to sales and hamper affordability.

In the past four weeks ended September 20, there were 9 new pending contracts for every 10 new listings, a slower rate than the 9.9 ratio in the past four weeks through July 5.



* Preliminary data based on a limited number of MLS

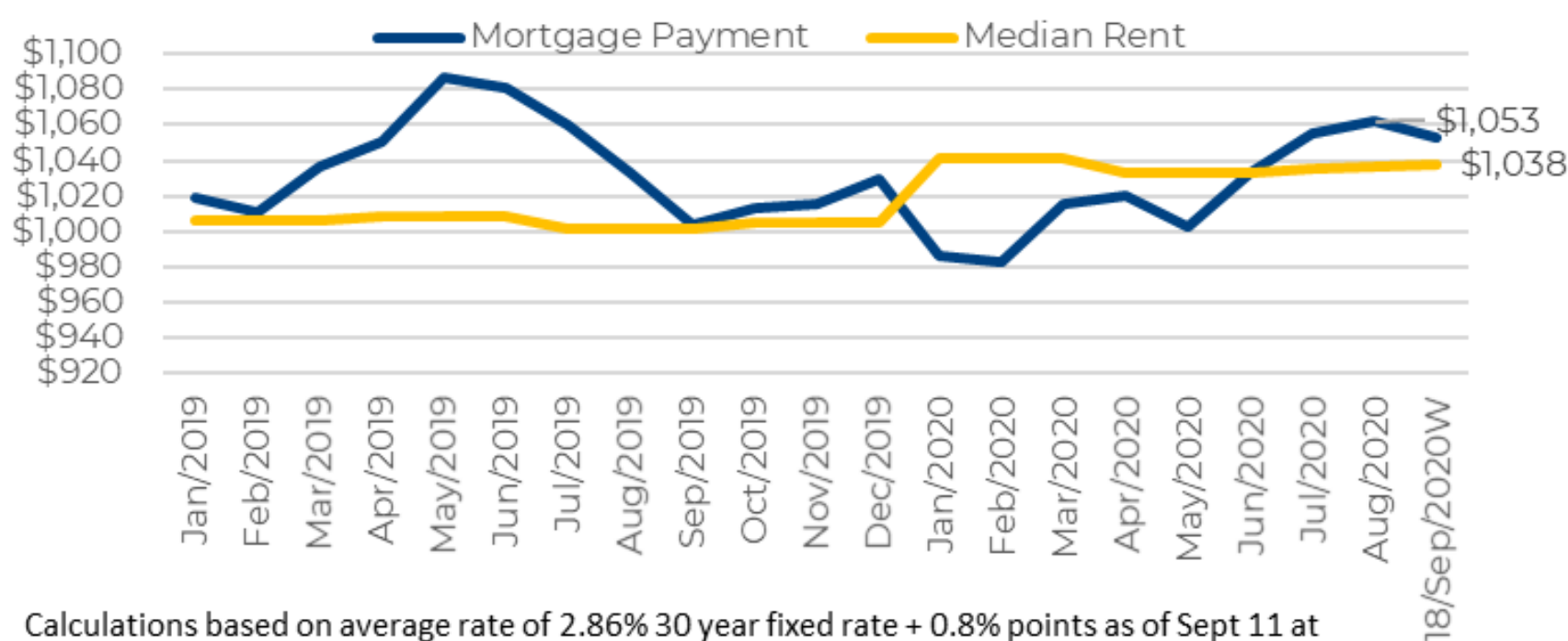
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Mortgage Payments Starting to Creep Up as Home Prices Rise Strongly*

Monthly mortgage payments are starting to creep up with home prices rising strongly while mortgage applications are also starting to moderate.

As of the week ended September 18, the monthly mortgage payment on a single-family home with a median sales price of \$310,600 financed with a 30-year fixed rate mortgage at 20% down payment was \$1,053, which is above the estimated median rent of \$1,038. However, the monthly mortgage payment is still lower than one year ago (\$1,087) as the 30-year fixed mortgage rate fell again in the week of September 11 to 2.87% from 3.61% one year ago, or a decrease of 70 basis points.

Typical Monthly Mortgage Payment of \$1,053.
Median Rent of \$1,040 as of September 18



Calculations based on average rate of 2.86% 30 year fixed rate + 0.8% points as of Sept 11 at \$307,800 median price of single-family home (July), 20% downpayment; August median rent is estimated by applying m/m CPI-Shelter inflation to US Census Bureau median rent for June of

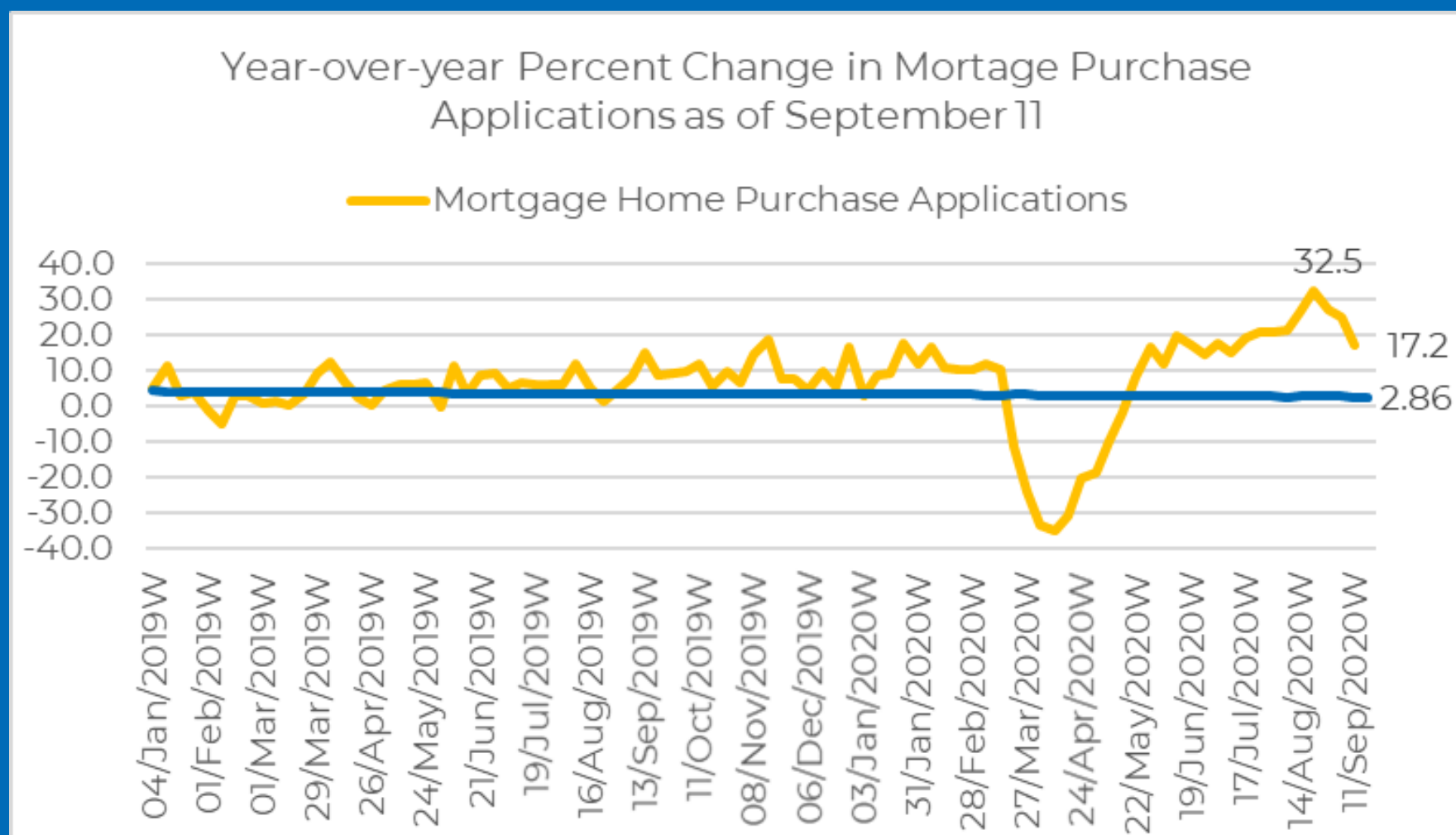
* This calculation is for analytical purpose and is intended to show broadly how mortgage payments are changing relative to rent. Consult your lender for an estimate of your mortgage payment that will depend on other factors such as income, debt, downpayment, and credit score.

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Mortgage Applications Up 17% Year-over-Year

As of the week of September 11, mortgage purchase applications were up 17% year-over-year, slower than the 32% increase during August.

Low mortgage rates reduce the monthly interest payment, but they have also bolstered demand and home prices. Mortgage rates are expected to remain low for quite some time, as the Federal Open Market Committee reiterated on August 27 its long-run policy of anchoring monetary policy to achieving an average long-run inflation of 2% and promoting maximum employment. In July, inflation stood at 1%, while the unemployment rate remains elevated at 8.4% in August relative to February 2020 (3.5%).



*Based on the price index for personal consumption expenditures.



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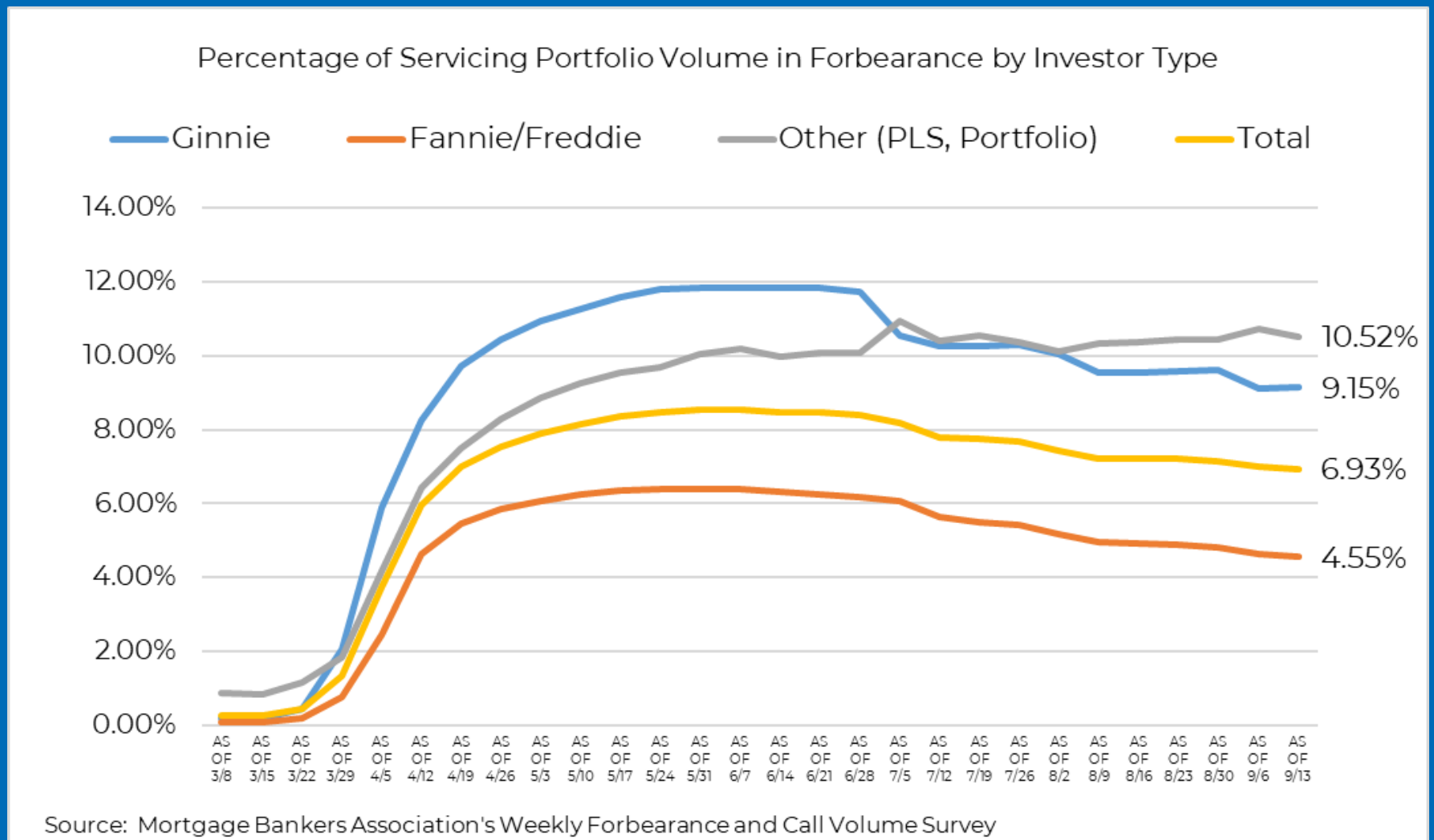
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Fraction of Loans in Forbearance Continued to Decline to 6.93%

The fraction of loans in forbearance continued to decline 6.93% for the 13th week in a row during the week of September 7 to September 13. The Mortgage Bankers Association estimates that 3.5 million homeowners are in forbearance plans.

Loans insured or backed by the federal government accounted for the decline in loans in forbearance. However, there has been no decline in the fraction of private loans with forbearance plans.

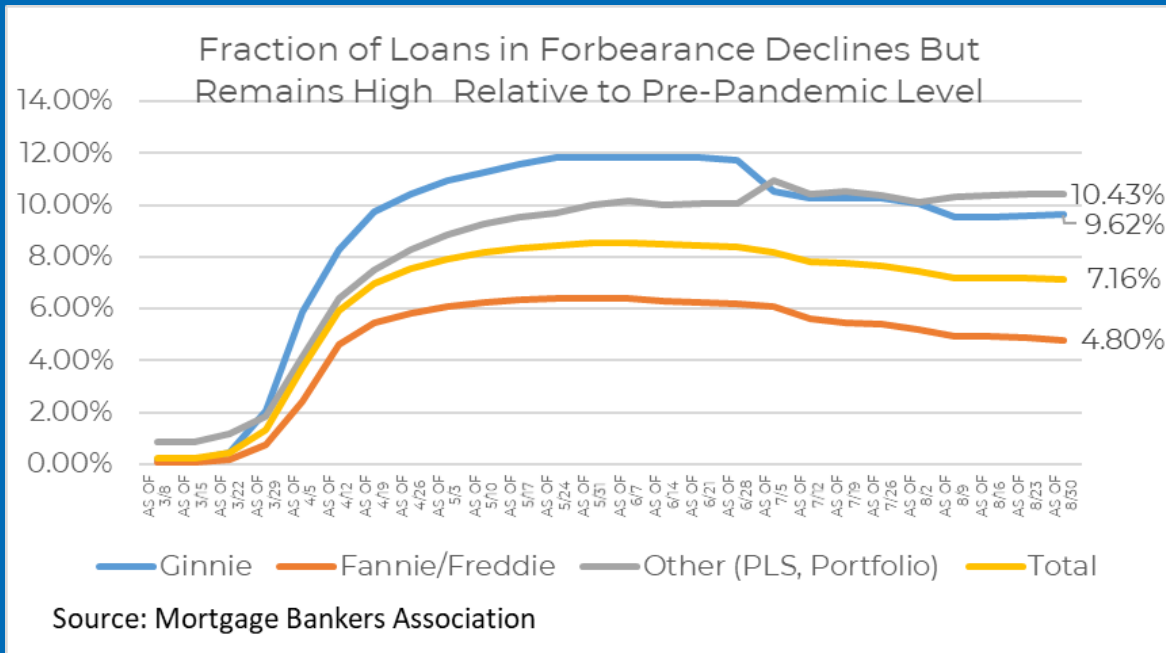
The declining share of loans in forbearance means less likelihood of loans going into foreclosure which can bring down prices and property values as occurred during the Great Recession.



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Fraction of Loans in Forbearance Continues to Decline But Remains High

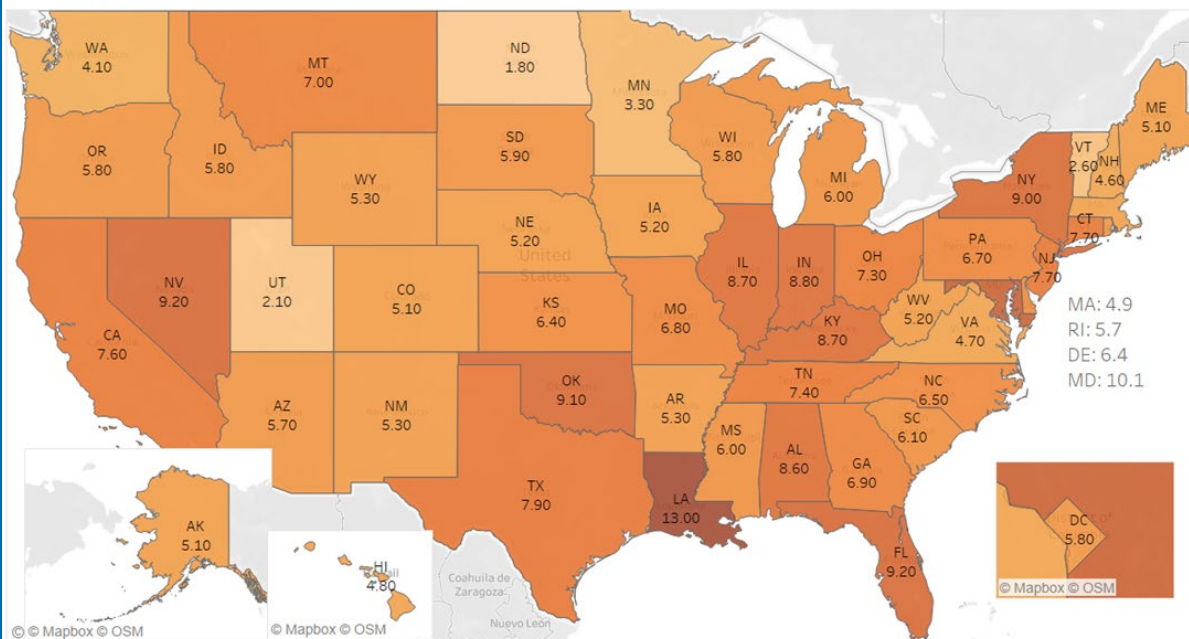
The fraction of loans in forbearance continued to decline, to 7.2% as of August 30, according to the Mortgage Bankers Association.



The forbearance rate for private label securities or those held in portfolio—or mortgages where the private lender is not required to grant forbearance--- in fact had the highest fraction of forbore mortgages, an indication that private lenders are working with their borrowers.

Based on the US Census Bureau's Household Pulse Survey, the states where homeowners or renters are having difficulty making a mortgage payment or rent are Louisiana (13%), Maryland (10%), Florida (9%), Nevada (9%), and New York (9%).

Percentage of adults who are not current on rent or mortgage payments, or who have slight or no confidence that their household can pay next month's rent or mortgage on time

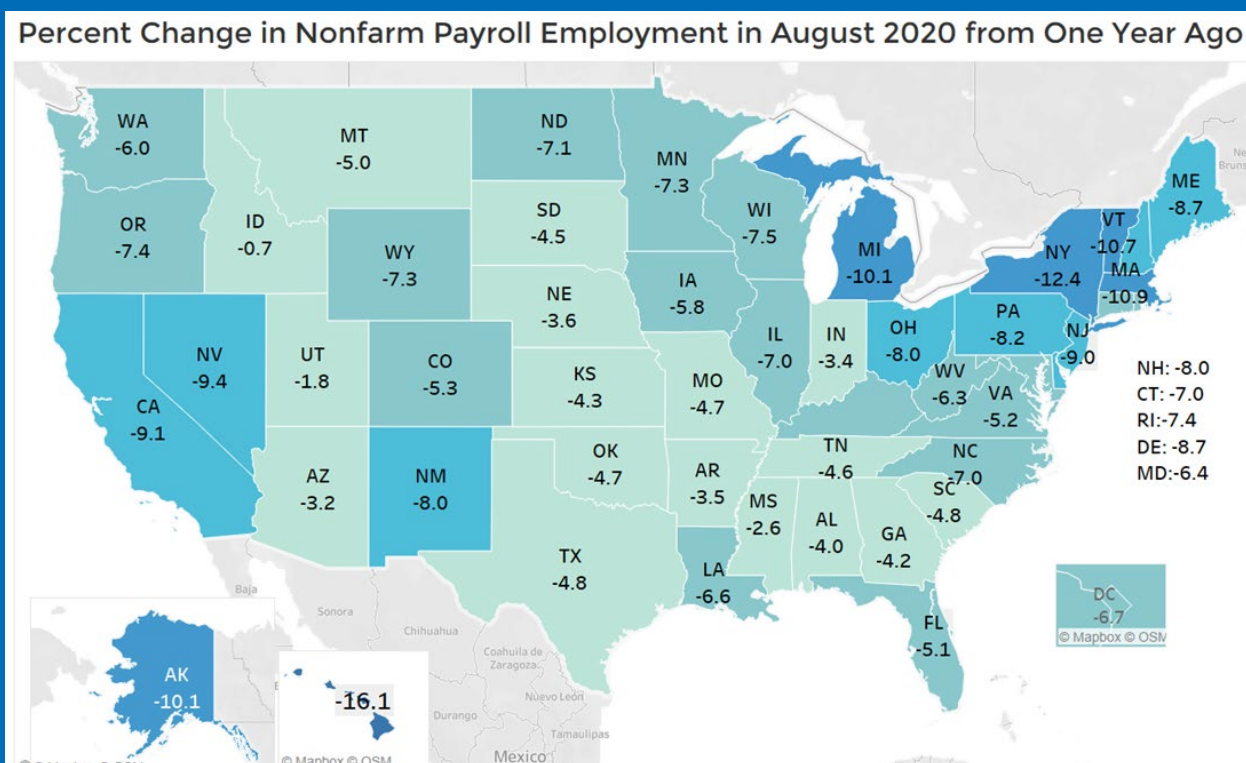
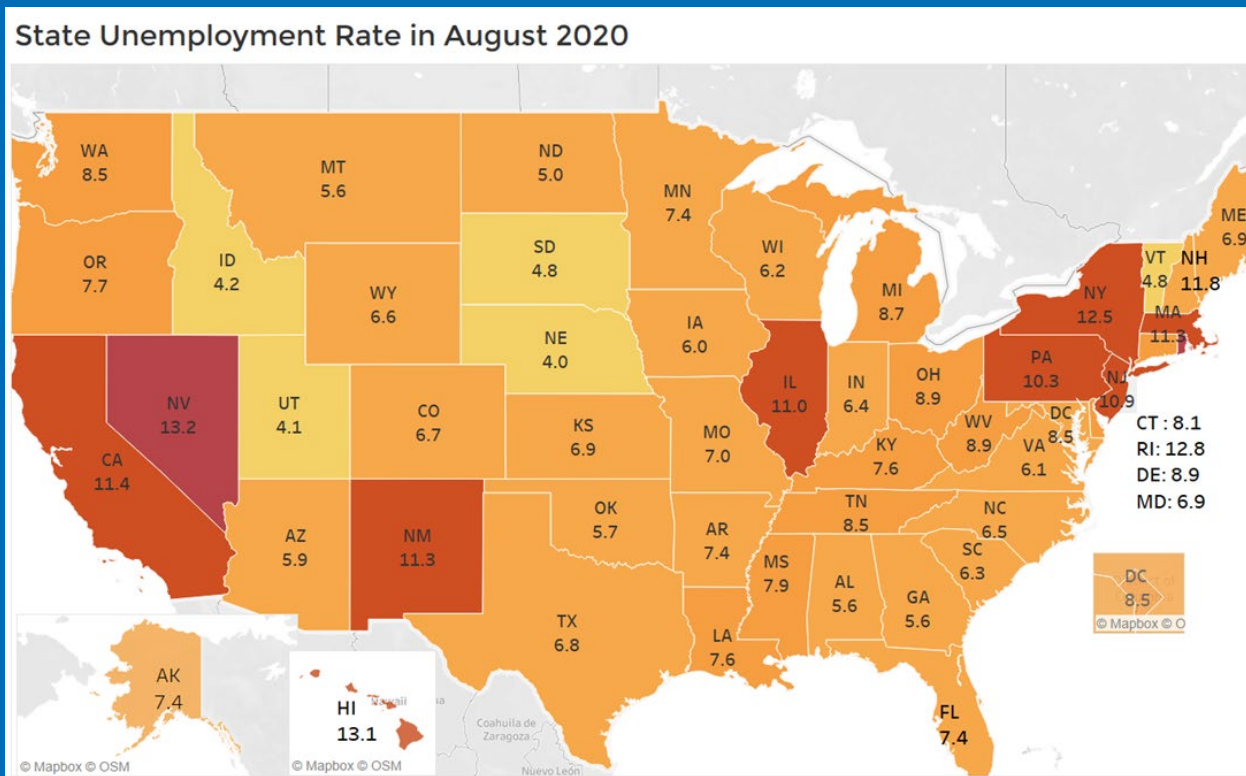


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Employment Conditions Continue to Improve in August 2020

The unemployment rate continues to drop, to 8.4% in August, down from a pandemic peak of 14.7% in April, with the number of unemployed falling from 23.1 million to 13.6 million. However, these are still elevated levels compared to the pre-pandemic period (5.8 million, 3.5% in February).

The economy has recovered 10.6 million jobs starting in May but 11.5 million more lost jobs are still to be recovered.



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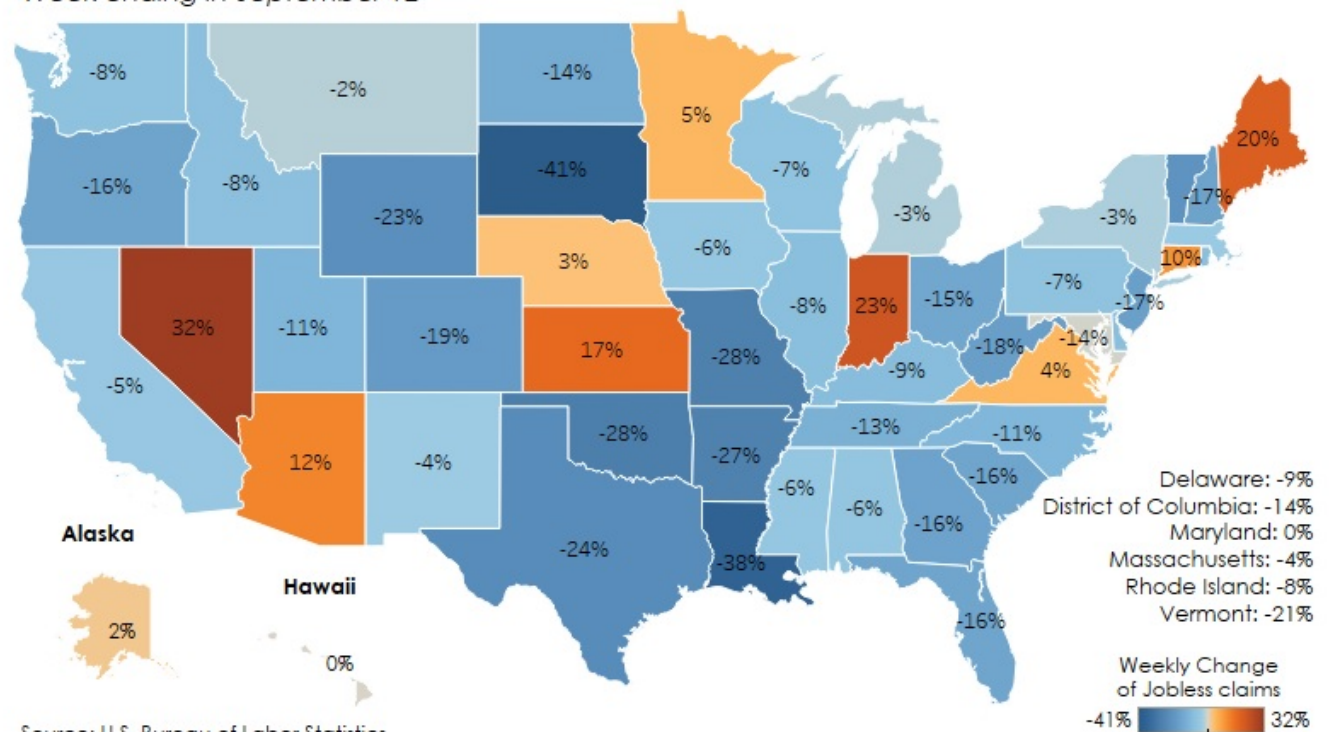
Jobless Claims

New unemployment claims decreased to their lowest level since the beginning of the pandemic. Unadjusted new jobless claims totaled 790,021 in the week ending September 12, a decrease of nearly 9% from the previous week.

At the local level, 40 states reported a decrease in new claims. Compared to the previous week, South Dakota (-41%) had the largest drop in layoffs followed by Louisiana (-38%) and Oklahoma (-28%). In contrast, unadjusted advance claims increased in Nevada (32%), Indiana (23%) and Maine (20%).

Weekly Change of Jobless Claims

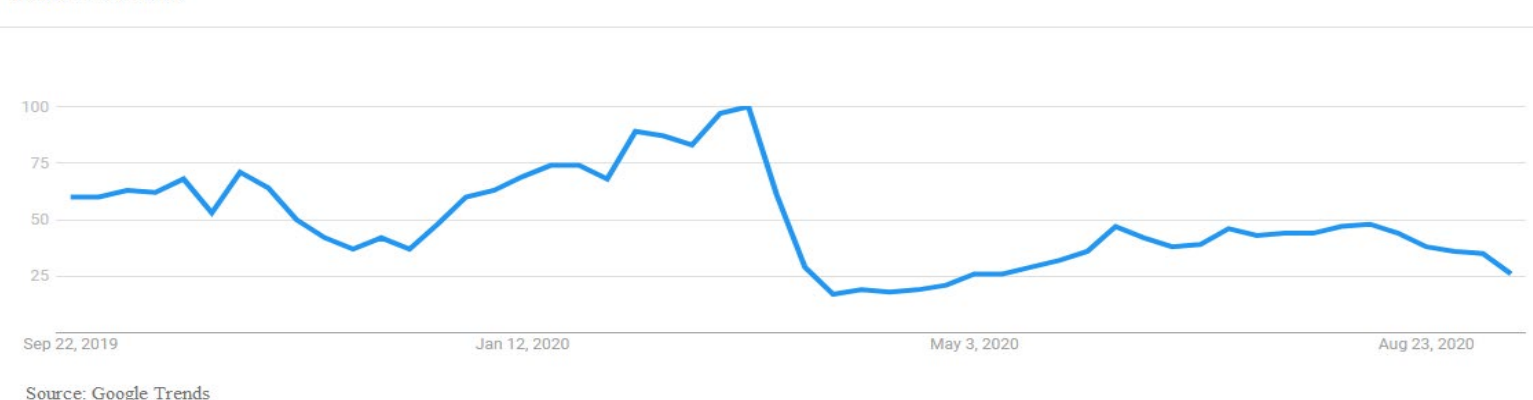
Week ending in September 12



[Click here to read the full analysis.](#)

Public interest in open houses dropped 60% last week compared to a year earlier. However, interest for open houses has increased since the beginning of April (53%). At local level, interest remains strong in Connecticut and Rhode Island and Montana.

Interest over time



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August 2020



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