2020 Weekly Housing Market Monitor

November 16-19

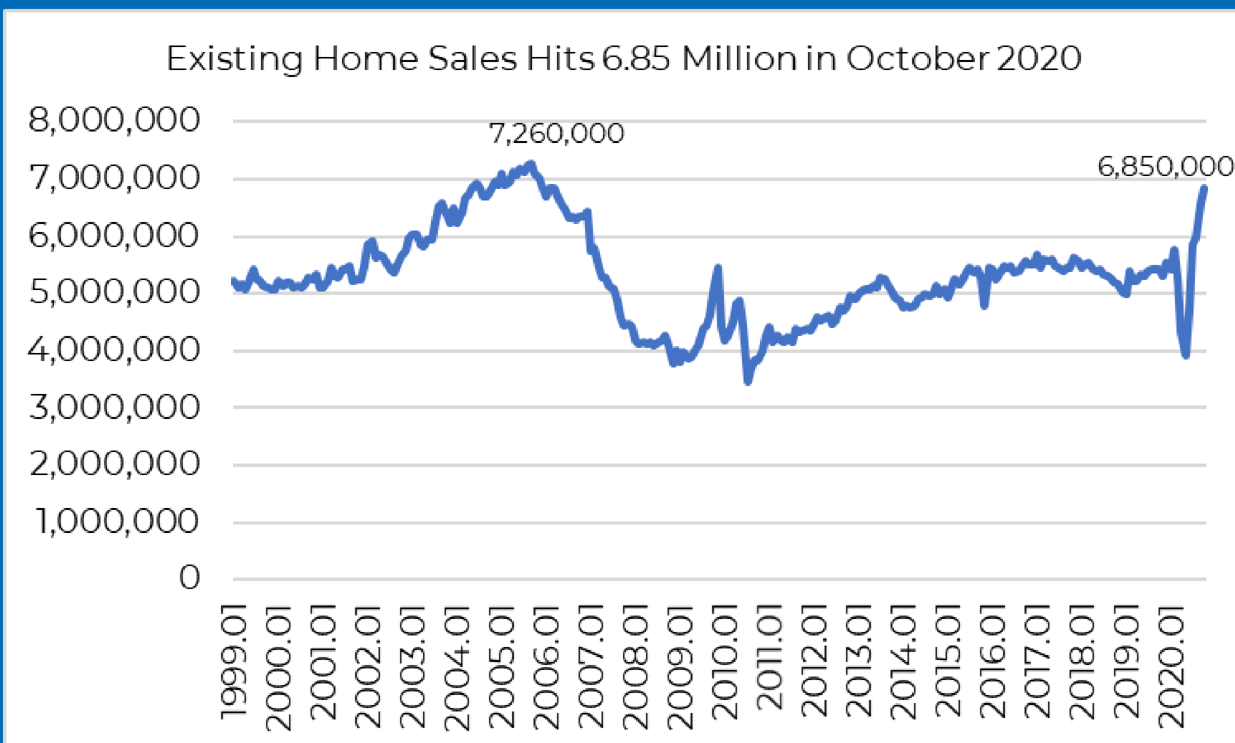
National Association of REALTORS®
Research Group

NATIONAL ASSOCIATION OF REALTORS®

Weekly Housing Market Monitor

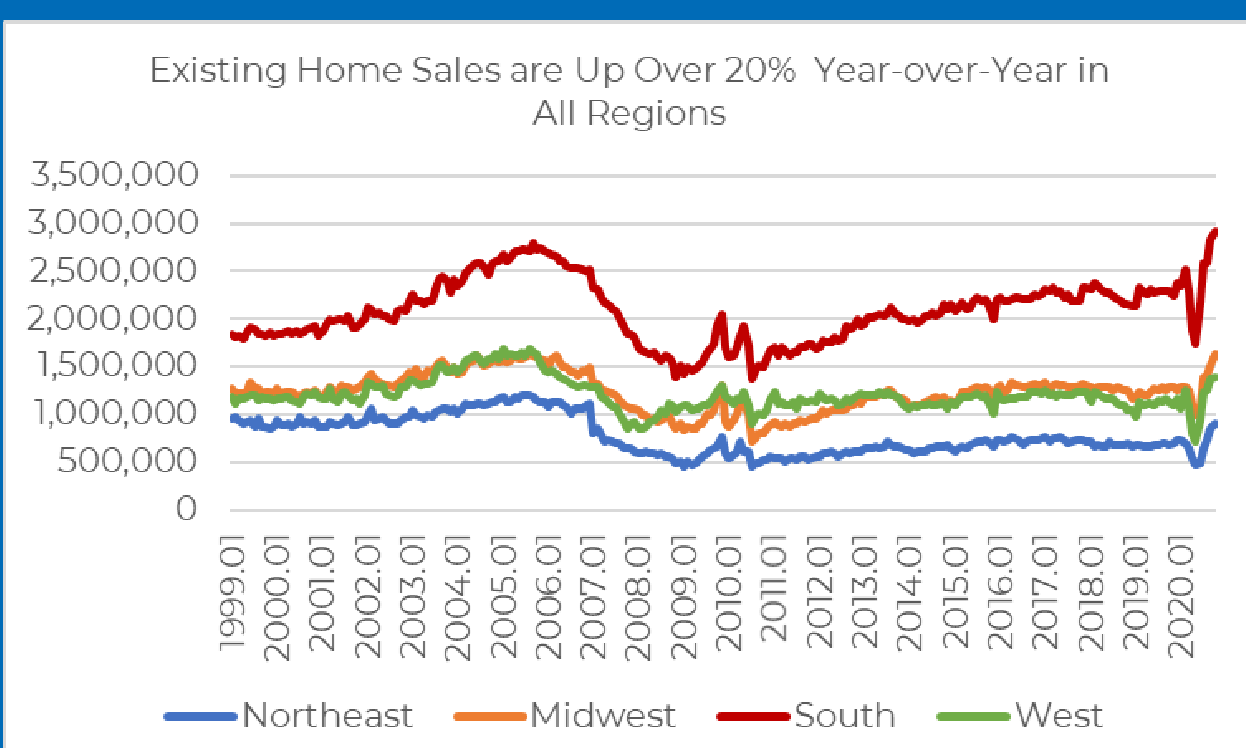
Existing-Home Sales Hit 6.85 M in October 2020

October existing home sales hit 6.85 million. the second all-time high level (tied with Feb 2006) since this series started in Jan 1999. The all-time high is 7.26 million in September 2005. Sales rose 4.3% from September's level and up 26.6% year-over-year.



Year-to-date sales of 4.61 million have surpassed last year's sales by 2.3%, with lost sales in the spring now fully recovered.

Condo sales rose at a stronger on a month-over-month (5.8%) compared to single-family home sales (4.1%) with inventory more constrained for single-family homes. Year-over-year, single-family sales are up a tad higher (+26.7%) compared to condos (+25.9%).



All regions showed gains of over 20%: Northeast (30.4%), Midwest (28.1%), South (26.5%), and West (22.8%). Sales in the Midwest and the South reached all-time highs.

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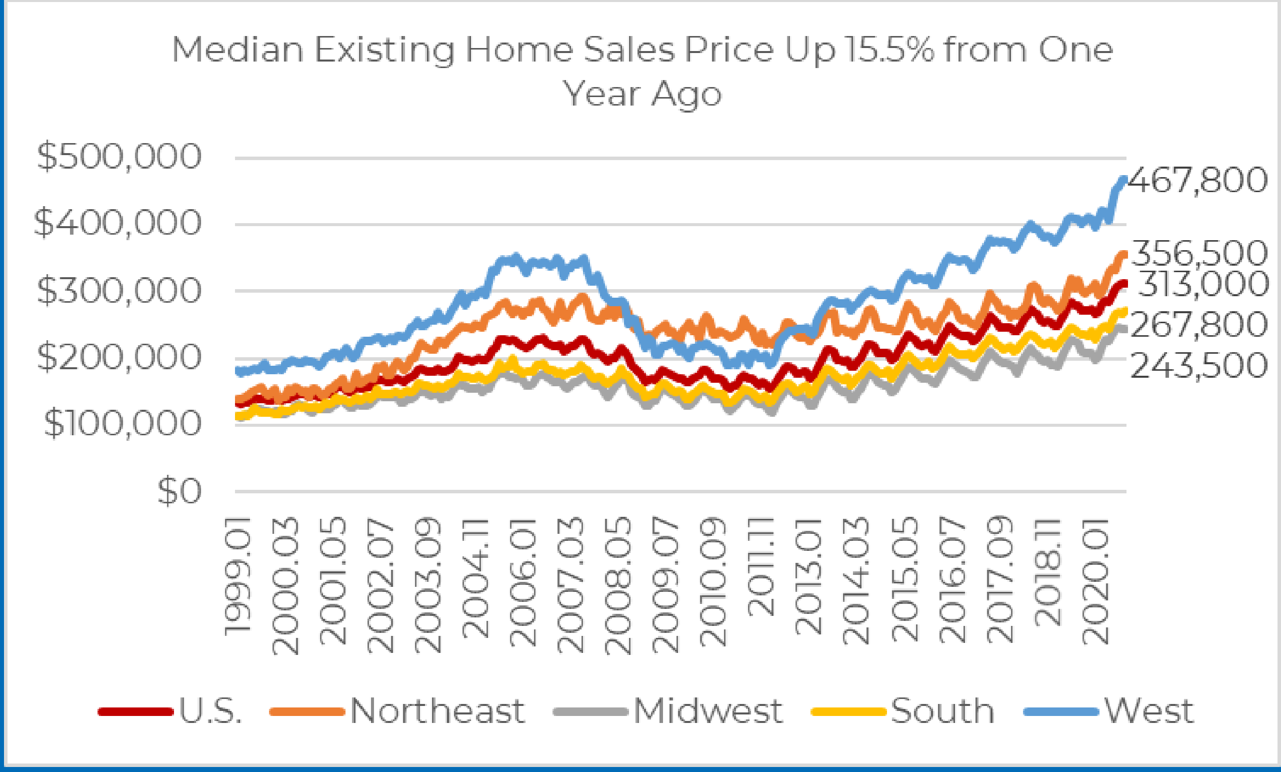
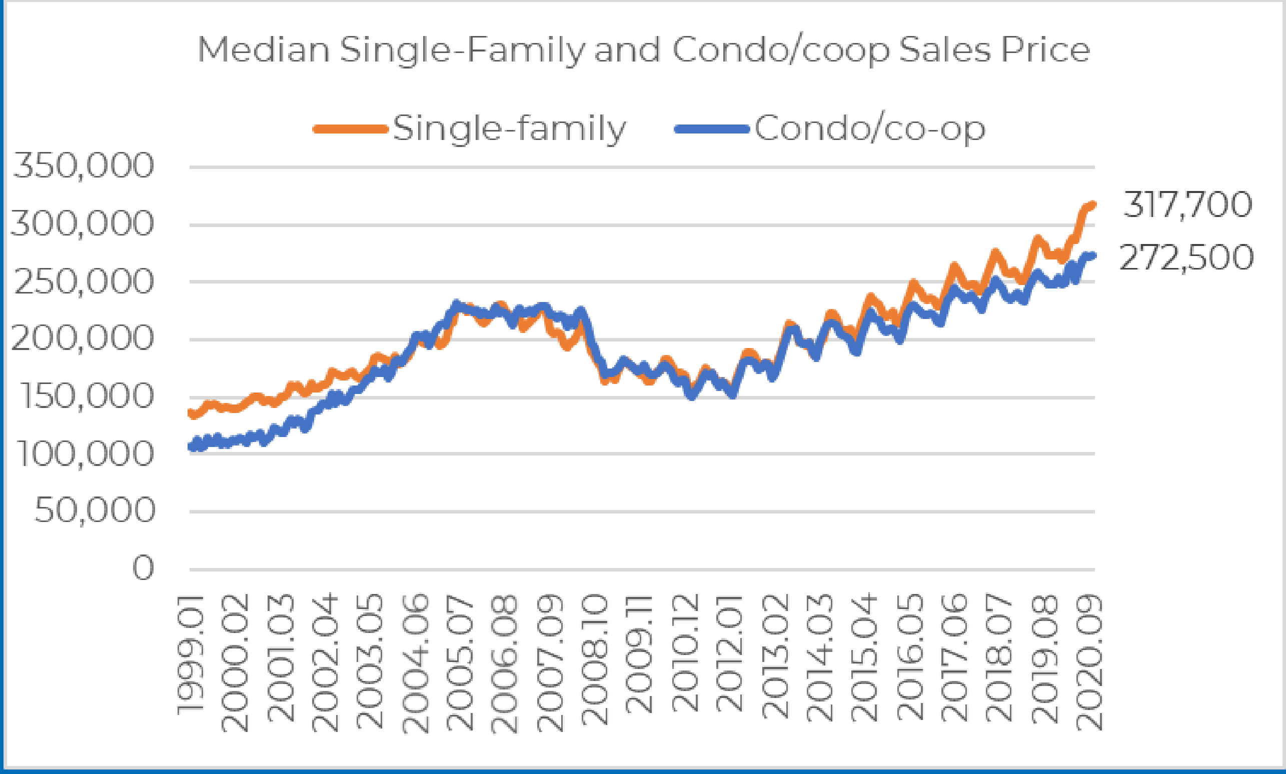
Median Existing Home Sales Prices Continue to Increase at Double-Digit Pace

The median existing home sales price rose to an all-time high of $313,000, up 15.5% from one year ago. The median sales price is 35.9% higher than pre-Great Recession peak of $230,400 in July 2006.



All regions had double-digit price growths of over 15%, led by the Northeast (20.2%)

Single-family and condo prices are at all-time highs, at $317,700 (+16%) and $273,600 (+10.3%), respectively.



The increase in median sales price is about thrice the increase in average weekly wage paid in private industries (5.7%).

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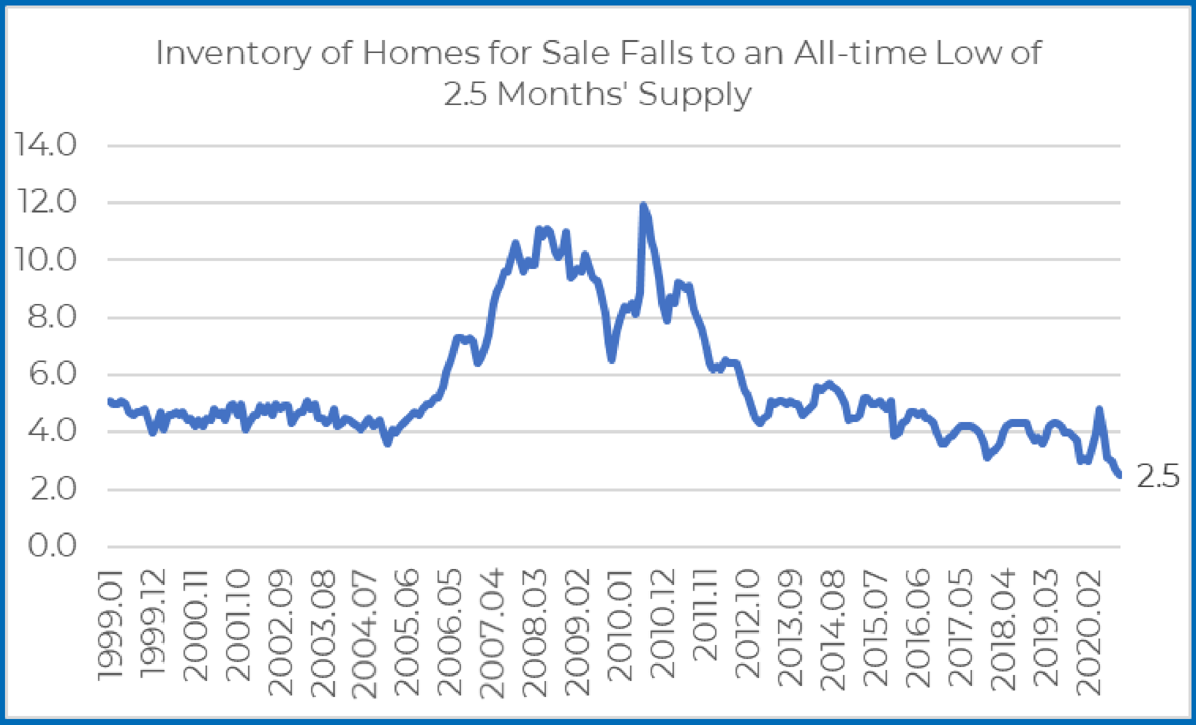
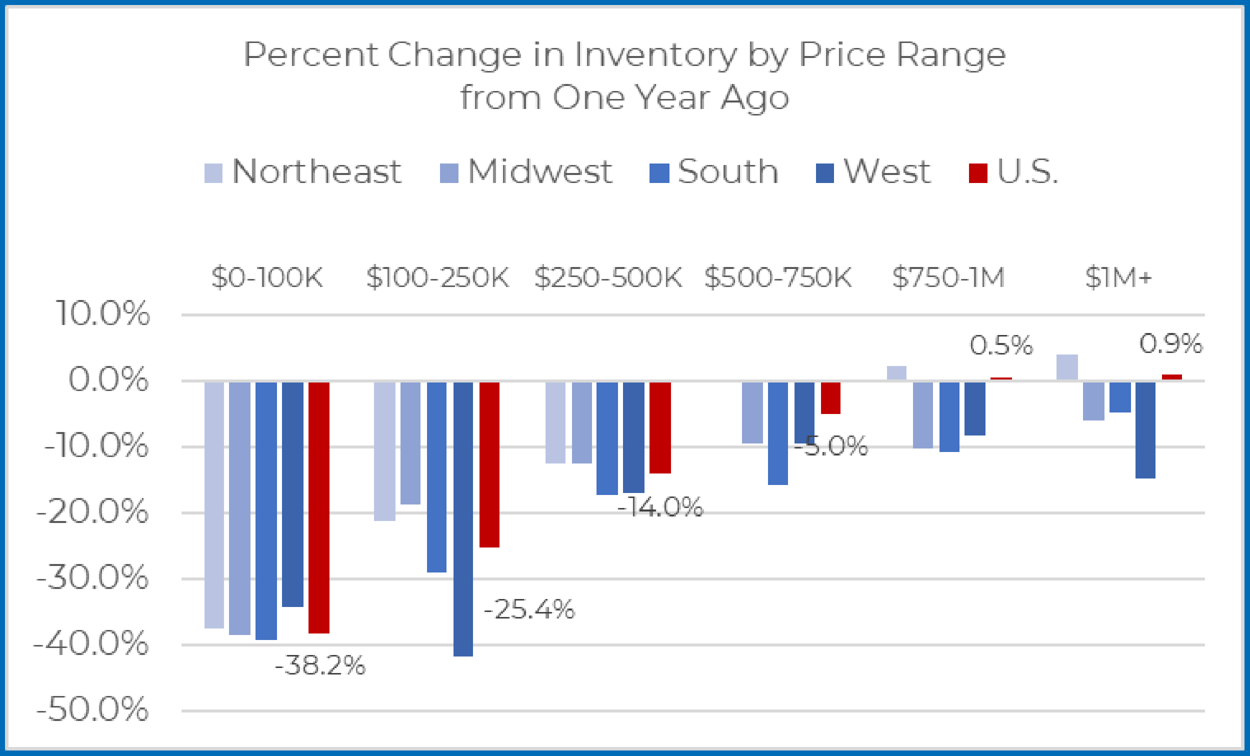
End-of-the-Month Inventory Falls to a New Low of 2.5 Months' Supply

Months' supply fell to a new all-time low of 2.5 months.



End-of-the-month inventory fell to 1.42 million, a decline of 19.8% year-over-year, the 17th consecutive month of y/y decline since June 2019.

The decrease in inventory is steepest for homes below $250,000, with a 38% decline in homes typically priced at below $100,000 and a 25% decline for homes priced at $100,000 to less than $250,000. There's a slight increase in home priced at $750,000 or over.



The West and South regions are seeing the largest declines in inventory for homes priced at below $500,000. Months' supply for single-family homes was even lower, at 2.4 months' while condo months' supply was 3.6 months.

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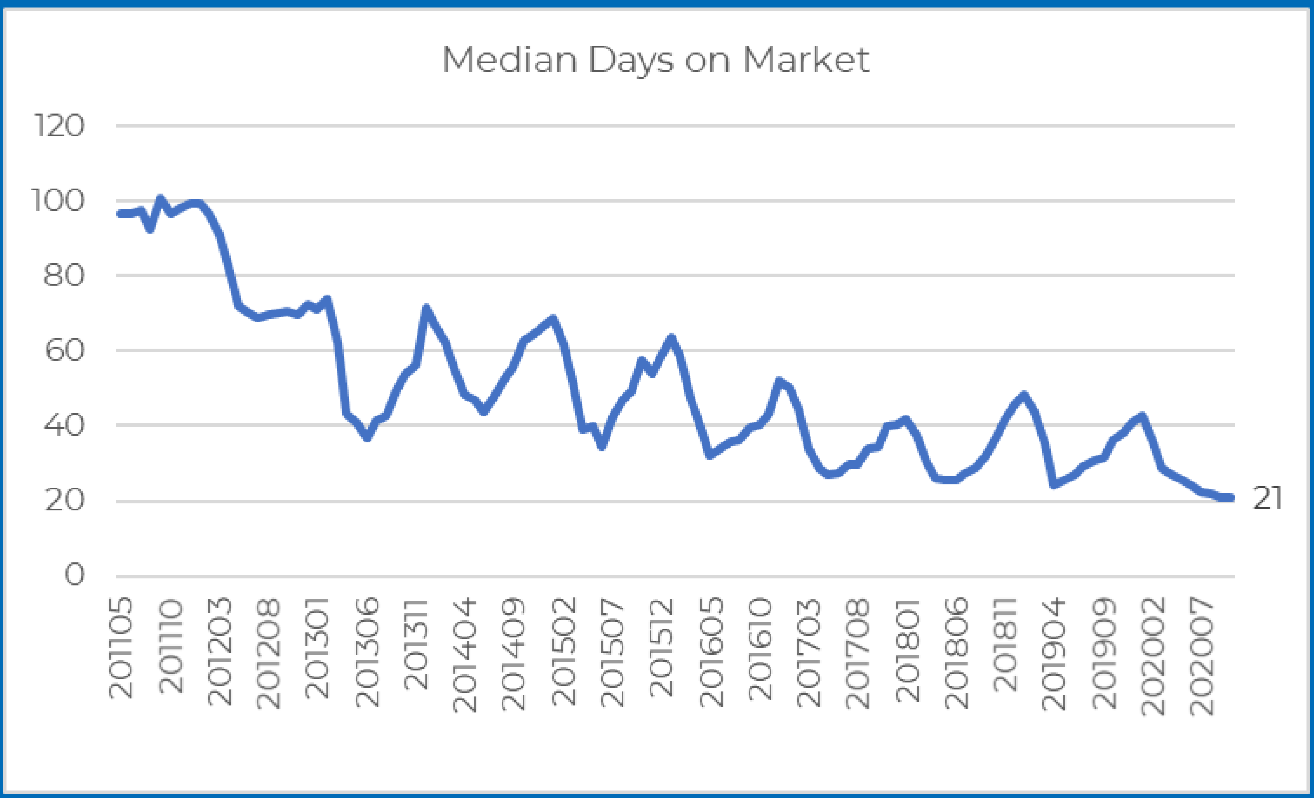
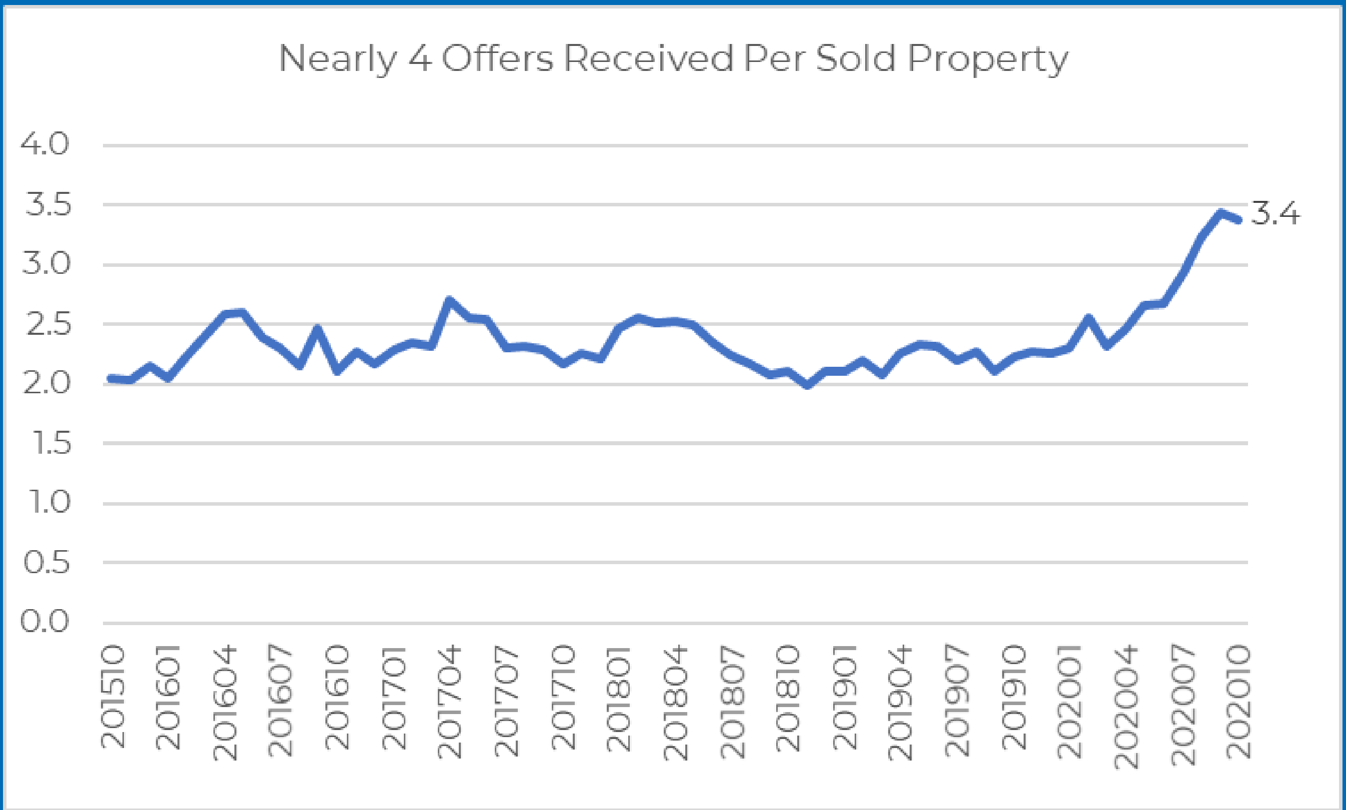
Median Days on Market Falls to 21 Days with More Buyer Offers on Limited Inventory

For the third straight month, properties typically sold within 21 days, the lowest record since NAR tracked this data in 2011, according to REALTORS® who responded to a monthly survey. .



One year ago, properties typically stayed on the market for 32 days. **Read more in the REALTORS® Confidence Index.**

Seventy-two percent of properties sold within one month.



For properties that sold in October, sellers had, on average, slightly more than three offers (3.4 offers), up from slightly two offers one year ago.

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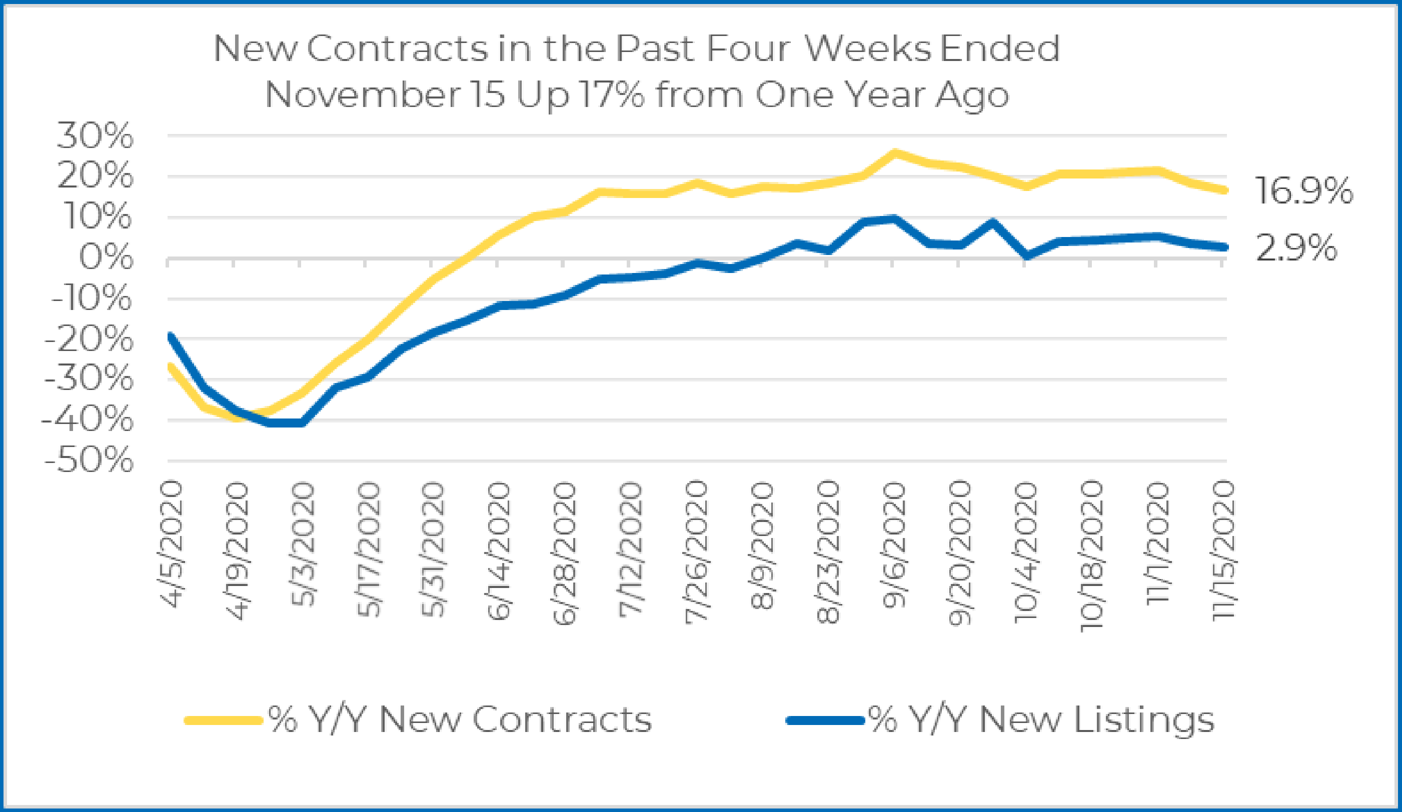
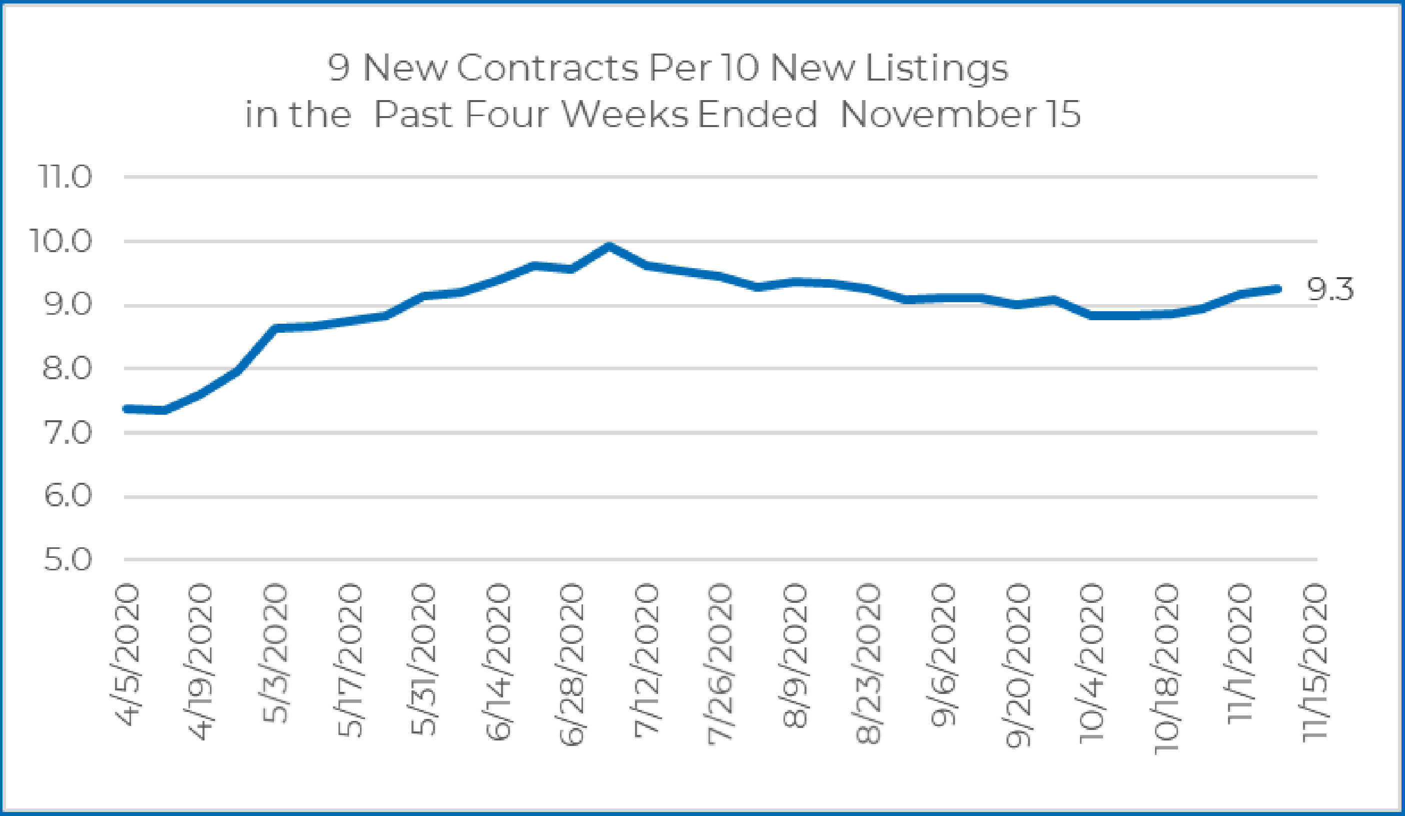
Contract Signings Rose 17% in the Past Four Weeks *

Contract signings for existing homes increased at a slower pace of 17% year-over-year during the past four weeks ending November15 (19% in the prior 4-week period).



New listings also increased at a slower pace of 3% year-over-year (5% in the prior 4-week period).

Contract signings are being constrained by lack of inventory rather than a fundamental decline in demand.



The ratio of new contract signings per 10 new listings slightly rose to 9.3 in the past four weeks from slightly below 9 during October.

* Preliminary data based on a limited number of MLS

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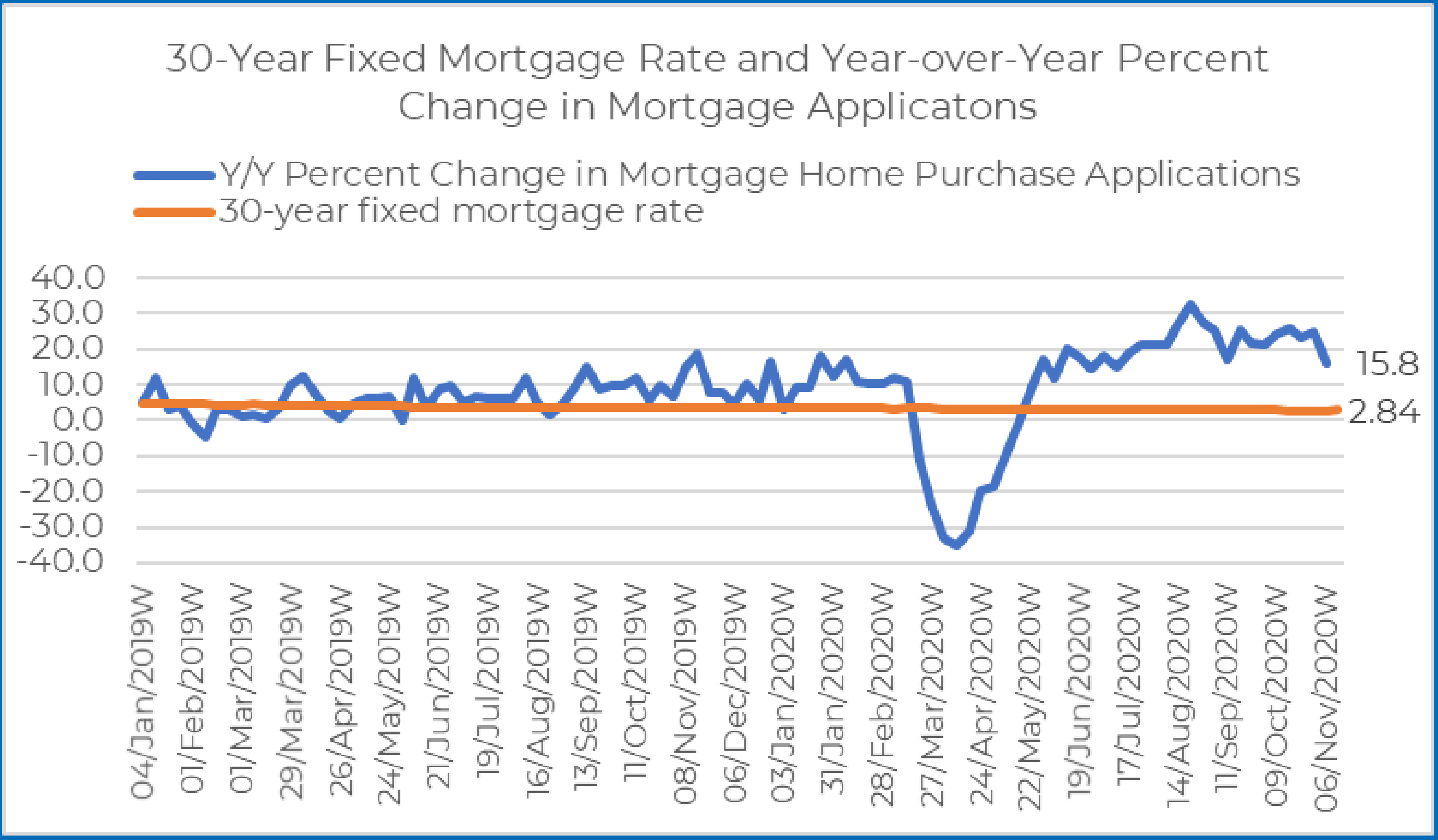
Mortgage Applications Up 15.8% Year-over-Year; Mortgage Rates Still Below 3%*

Mortgage purchase applications fell for the 3th straight week in the week ending November 6. However, from one year ago, applications were still up by 15.8%.

The 30-year year fixed rate mortgage averaged 2.84% during the week ending November 13, holding below 3% since the week ending July 31.



* 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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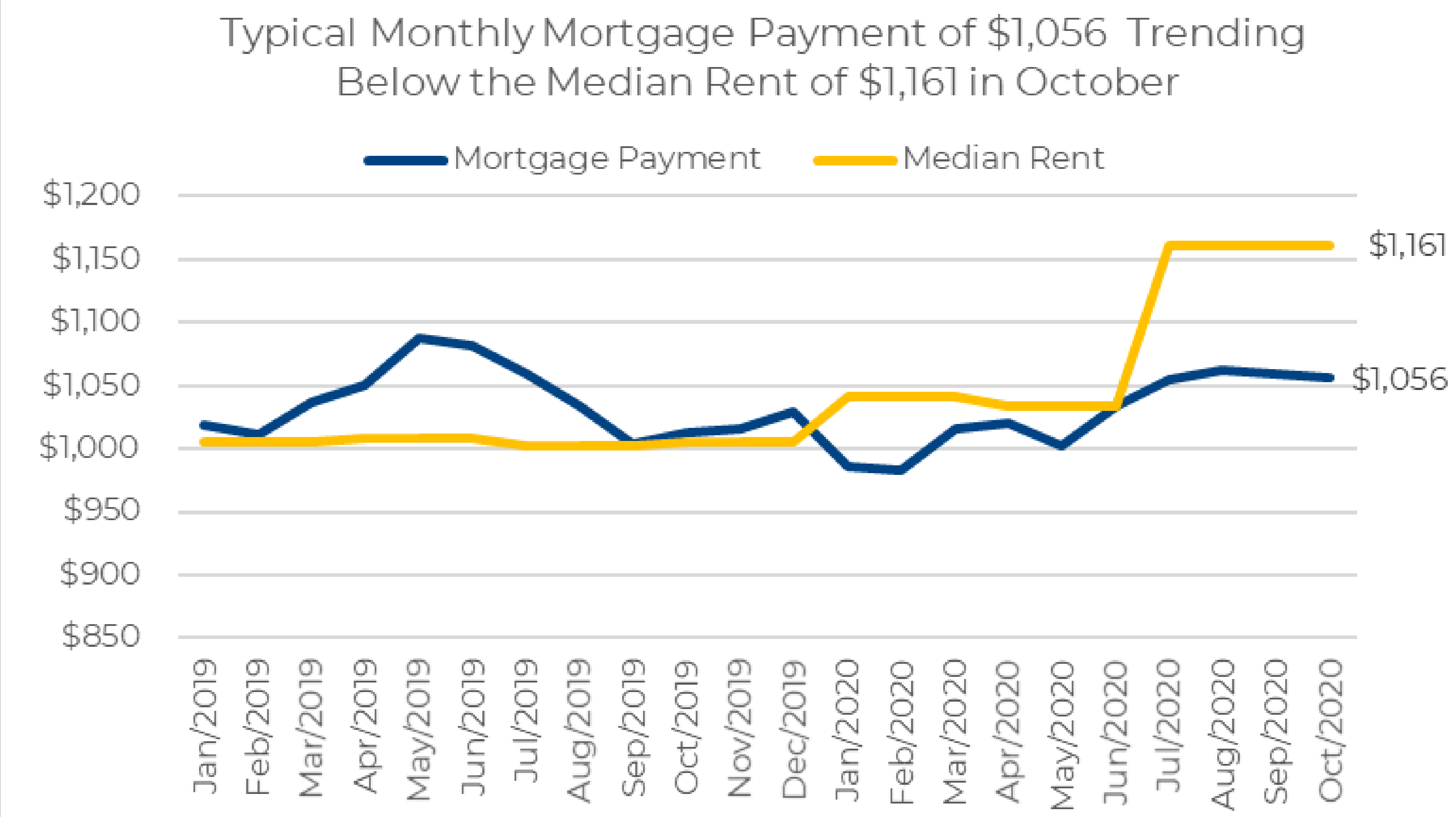
Mortgage Applications Up 15.8% Year-over-Year; Mortgage Rates Still Below 3%

Due to low mortgage rates, the estimated monthly mortgage payment** on a typical single-family home as of October of $1,056 was below the median rent of $1,161 estimate by the US Census Bureau.

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 October, inflation (year-over-year CPI increase) was running at a 1.2%. The unemployment rate has further fallen to 6.9% in October but it remains elevated compared to pre-pandemic levels (3.5% in February 2020).



Calculations based on average rate of 2.83% 30 year fixed rate + 0.7% points as of October and 20% downpayment and the median rent in 2020 Q3 reported by the US Census Bureau.

**The mortgage payment varies by type of home and by borrower. A homeowner incurs other costs.

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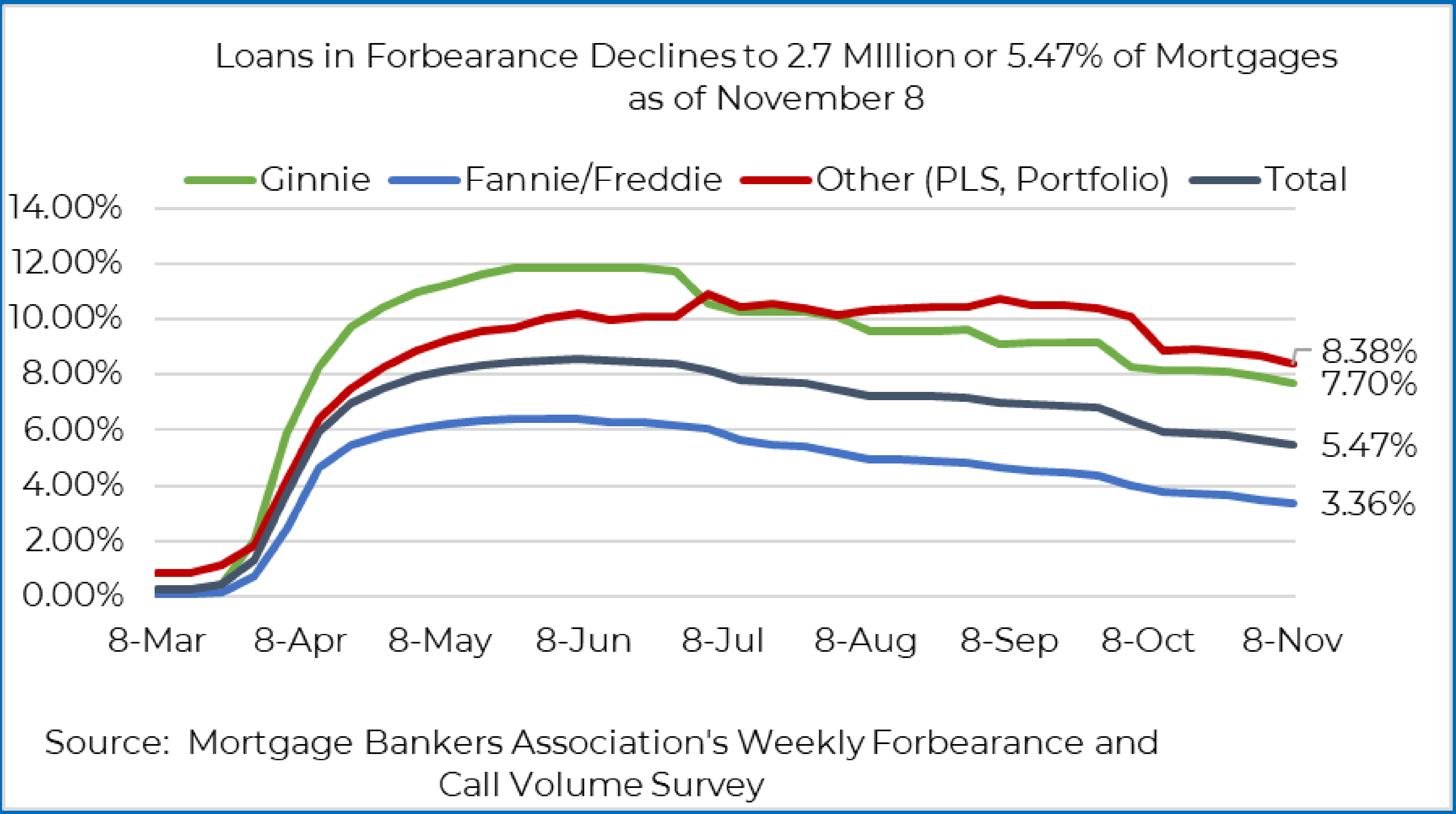
Fraction of Loans in Forbearance Continues to Decline to 5.47% as of November 8

As the number of unemployed continues to decline, the fraction of loans in forbearance continued to decline to 5.47%. The Mortgage Bankers Association estimates that 2.7 million homeowners are in forbearance plans (2.9 million during the prior week).

Loans insured or backed by Fannie Mae and Freddie Mac have the lowest share of their loans in forbearance, at 3.36%, while loans held in portfolio by private lenders or that are backing private label securities have the highest share of their loans in forbearance plans, at 8.38%.



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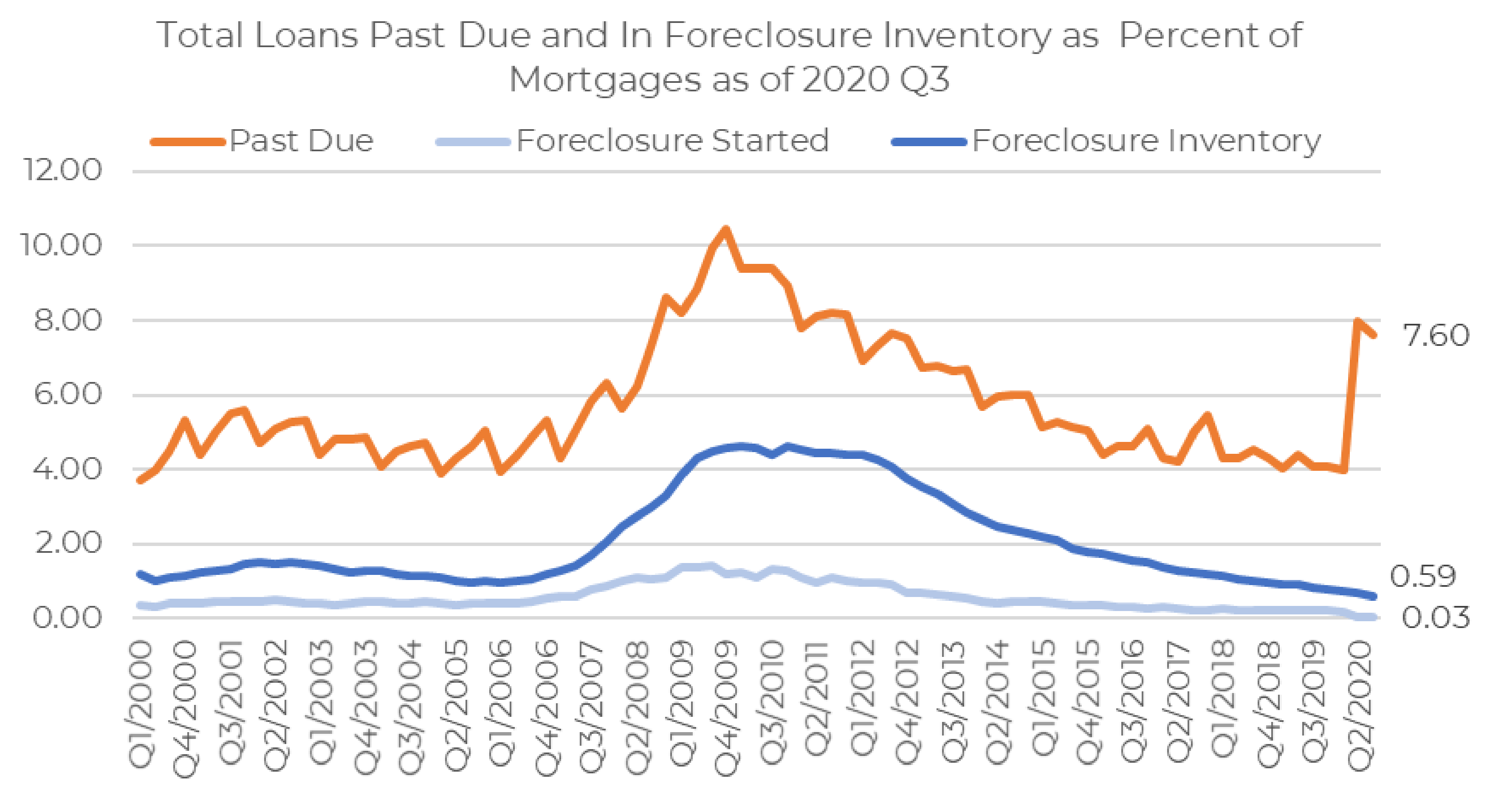
Fraction of Loans in Forbearance Continues to Decline to 5.47% as of November 8

As of 2020 Q3, 8.2% of loans are past due, but due to the foreclosure moratorium on federally backed mortgages, less than 1% of mortgages are in some stage of foreclosure. 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.



Source: MBA

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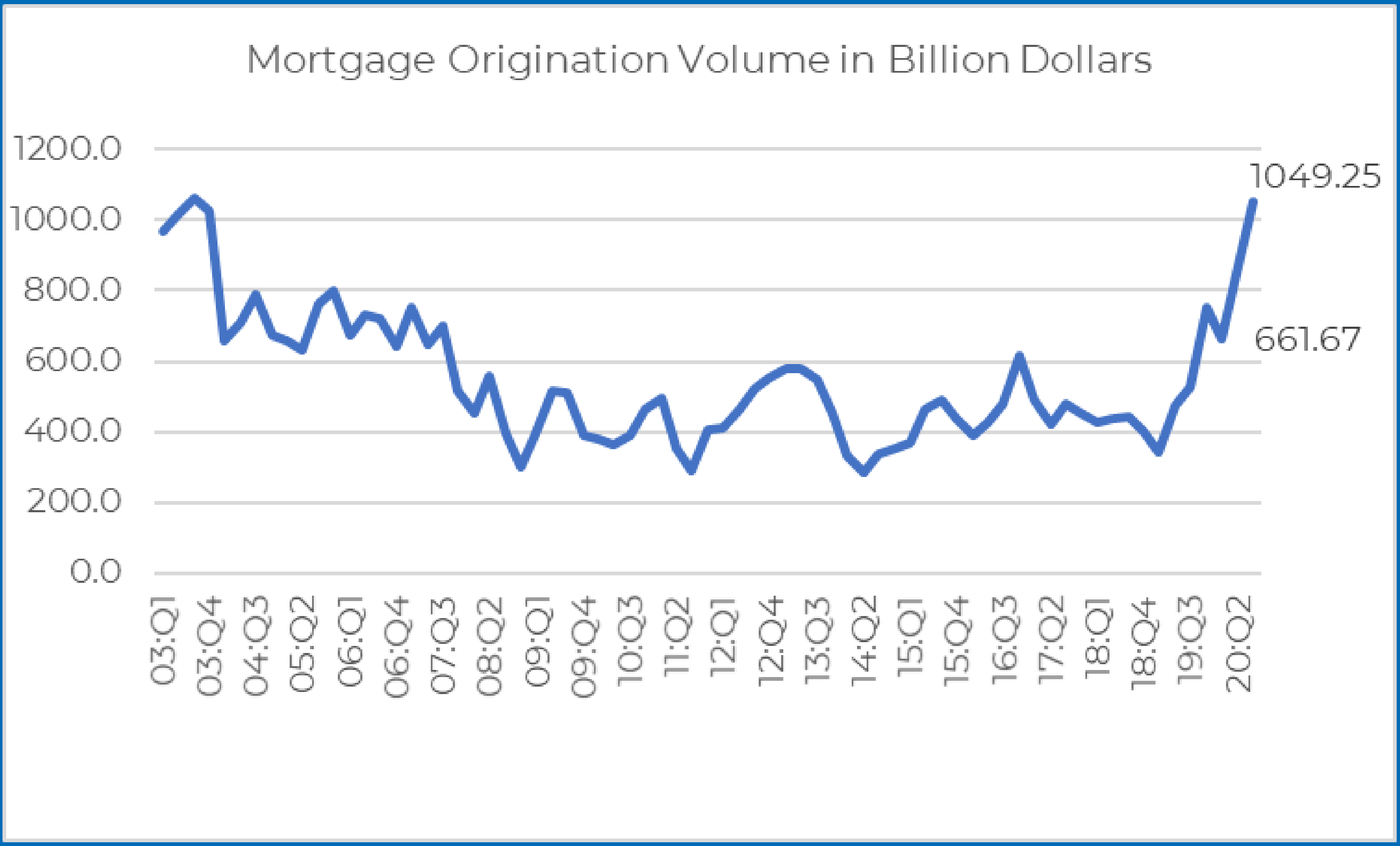
Mortgage Origination Volume Up 60% Since 2020 Q1; Borrowers Have Higher Credit Scores

Mortgage origination volume, including for refinancing, rose to $1.05 trillion in 2020 Q3, according to the Federal Reserve Board's Quarterly Report on Household Debt and Credit, a 60% increase from the 2020 Q1 level of $662.7 billion.

The FRB report does not break out by purchase and refinancing, but the Mortgage Bankers Association reported that refinancing accounted for 47% of total mortgage originations of $860 billion in 2020 Q3.



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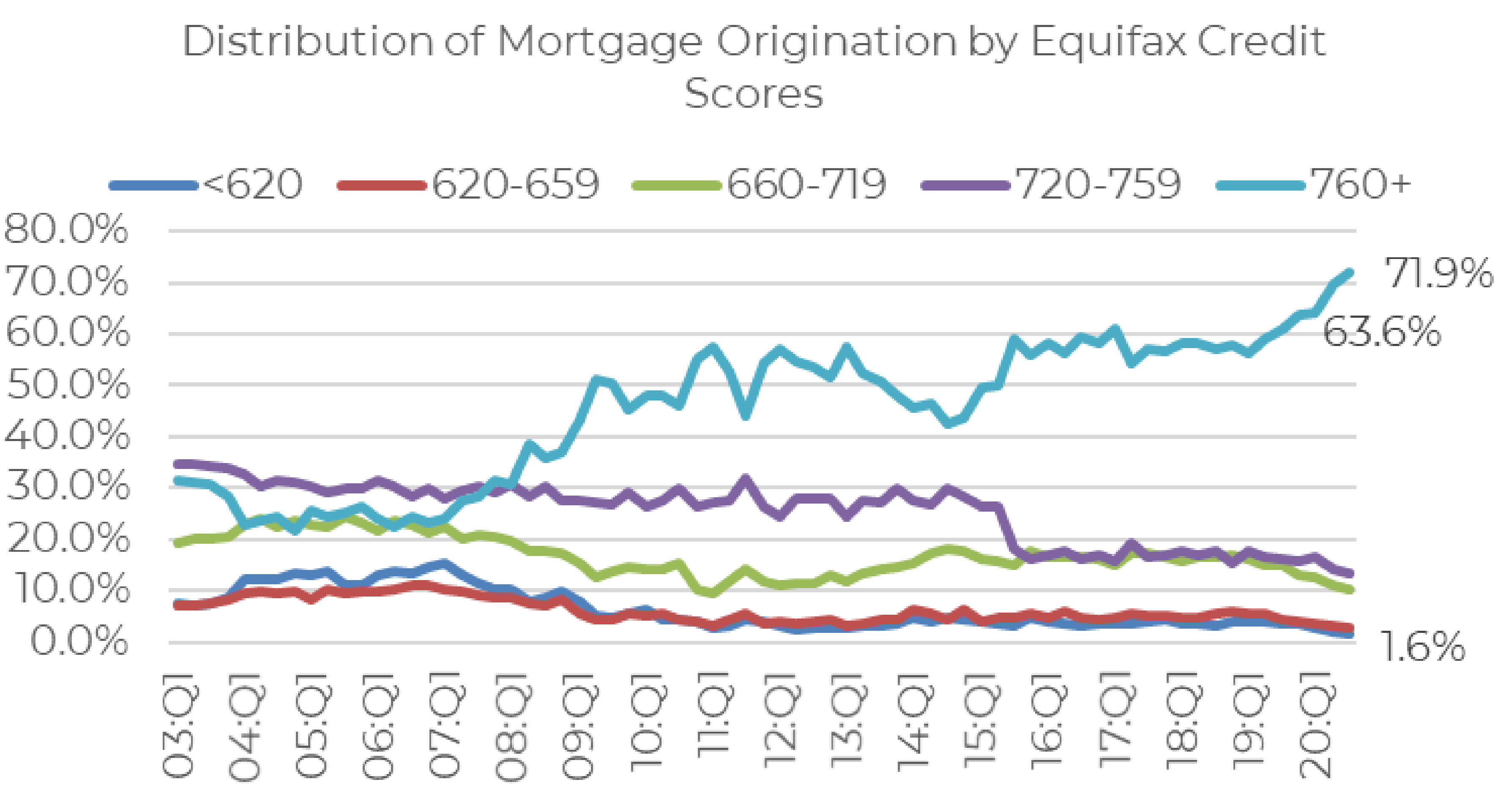
Mortgage Origination Volume Up 60% Since 2020 Q1; Borrowers Have Higher Credit Scores

Borrowers with Equifax credit (risk) scores of 760+ accounted for 72% of mortgages. This is up from a 64% share in 2020 Q1. The higher risk scores among borrowers who obtained a mortgage can reflects both self-selection among borrowers (only 'good borrowers will apply) and stricter lender criteria to ensure they are in good financial shape given the current economic condition where risks of losing a job is higher compared to pre-pandemic period.

Equifax risk scores generally range from 300 to 850; 740- 749 are good and over 800 are excellent. Credit scores are calculated using information in a borrower's your credit report, including payment history; amount of debt, and length of credit history.



Source: FRBNY Household Debt and Credit Report

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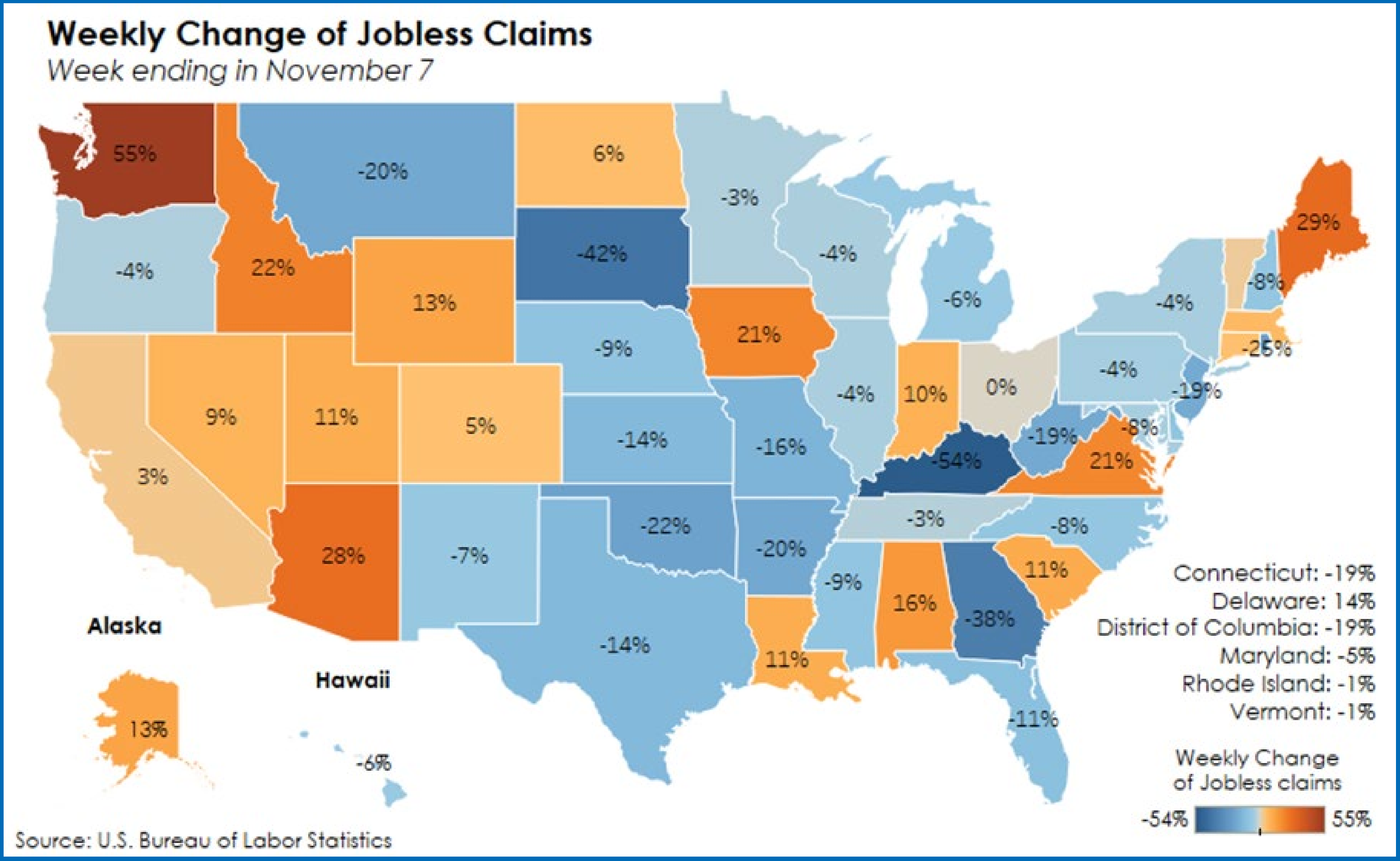
Jobless Claims

Fewer people applied for unemployment benefits last week. The number of initial claims dropped to the lowest level since the pandemic began. Specifically, the unadjusted new jobless claims totaled 723,105 in the week ending November 7, a decrease of 3% from the previous week. In the meantime, continued claims, which measure the number of people receiving unemployment checks, fell once again to below 6.5 million. With continued claims declining for the last 9 weeks, the number of people receiving unemployment checks decreased by 6.7 million during this period. Compared to the Great Recession, the current number of people receiving unemployment checks is almost the same as the number back in March 2009.

At the local level, 30 states reported a decrease in new claims. Compared to the previous week, Kentucky (-54%) had the largest drop in layoffs followed by South Dakota (-42%) and Georgia (-38%). In contrast, unadjusted advance claims increased in Washington (55%), Maine (29%) and Arizona (28%).



[Click here to read the full analysis.]

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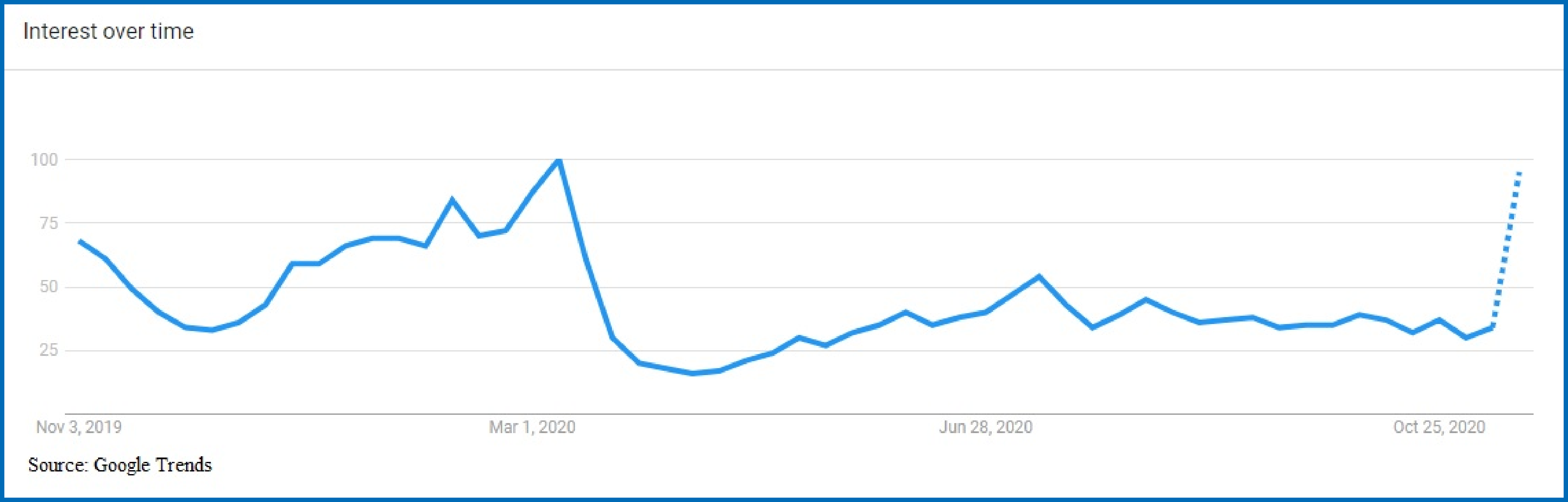
Open Houses

Public interest in open houses dropped 50% last week compared to a year earlier. However, interest in open houses is twice as much as back in April. At the local level, interest remains strong in Montana, Connecticut and Kansas.



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August 2020

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