

2022

# Weekly Real Estate Monitor

Residential and Commercial  
Markets

January 17-20

National Association of REALTORS® Research Group



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REALTORS®

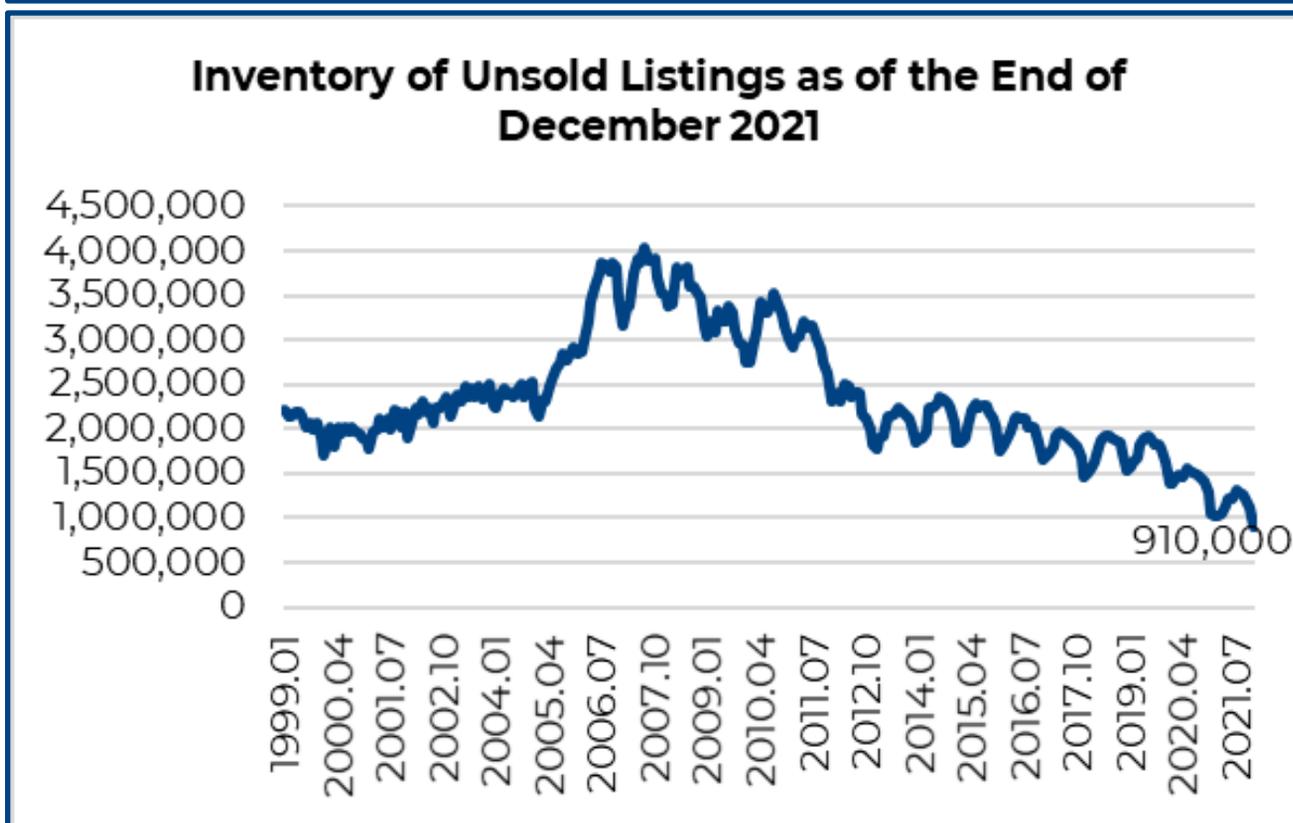
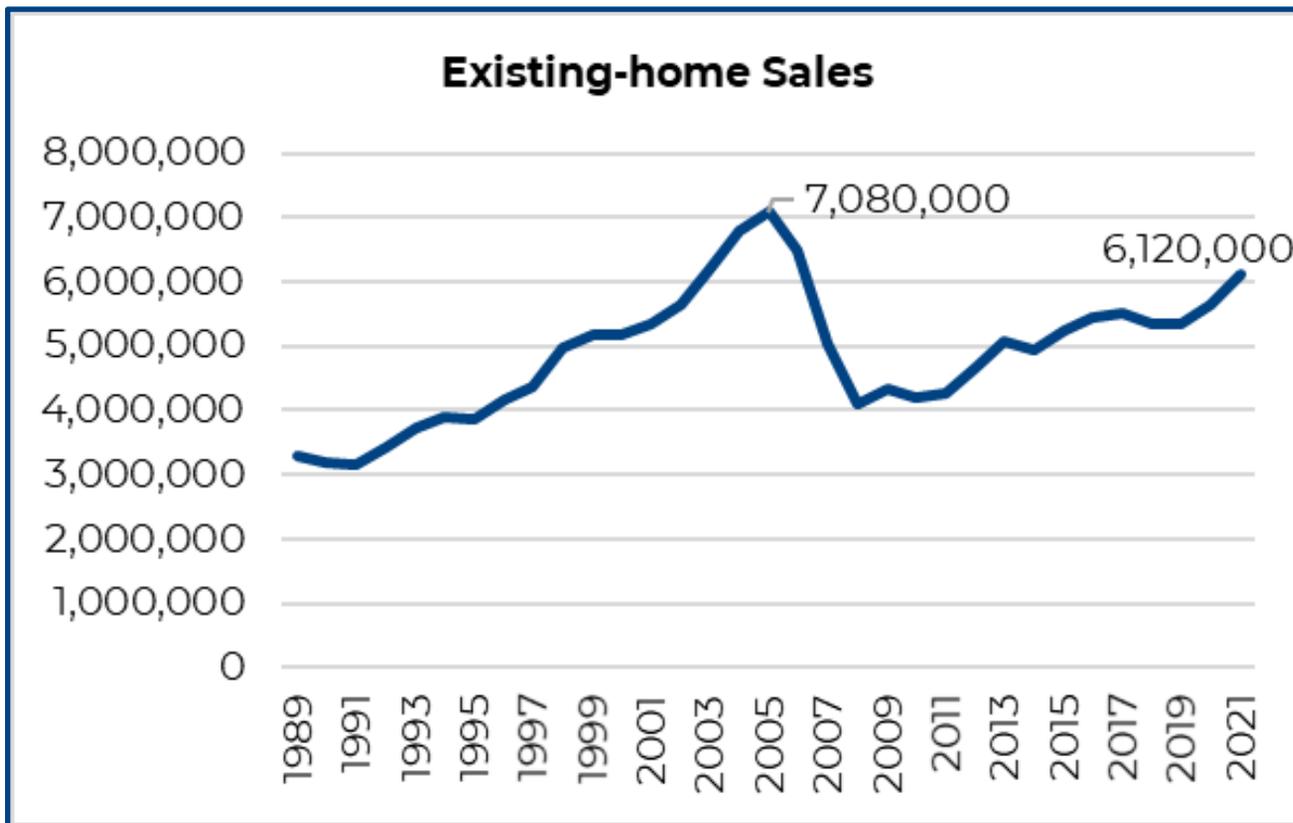
# Weekly Real Estate Monitor

## Existing-Home Sales Rose 8.5% in 2021, Driving Inventory Down to a Record Low

Driven by historic low mortgage rates in 2021, existing home sales totaled 6.12 million for the year, an 8.5% year-over-year gain and the highest annual sales level since 2006.

The strong demand and modest recovery in housing starts drove down the level of unsold inventory at the end of December to a historic low of just 910,000 units, equivalent to 1.8 months of the current monthly sales pace.

With mortgage rates on the rise in 2022, NAR Chief Economist Lawrence Yun expects home sales to trend at around 5.9 million in 2022.



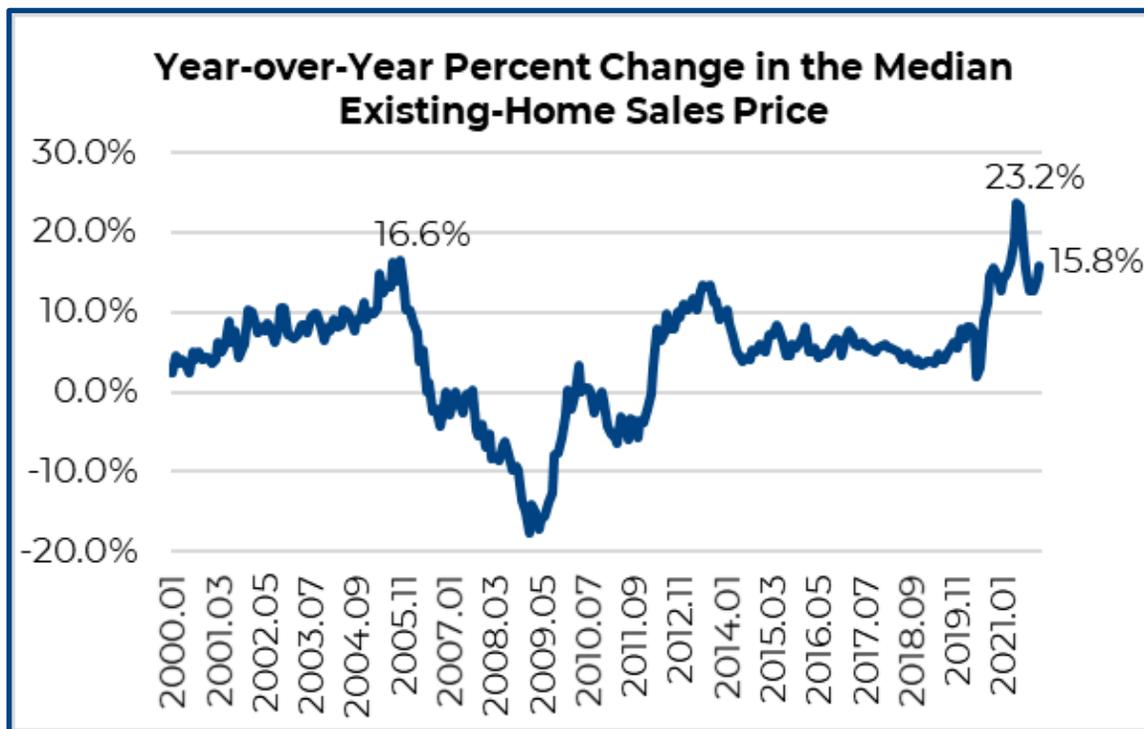
# Weekly Real Estate Monitor

## Median Existing-Home Sales Price Gain Accelerates to 15.8% in December 2021

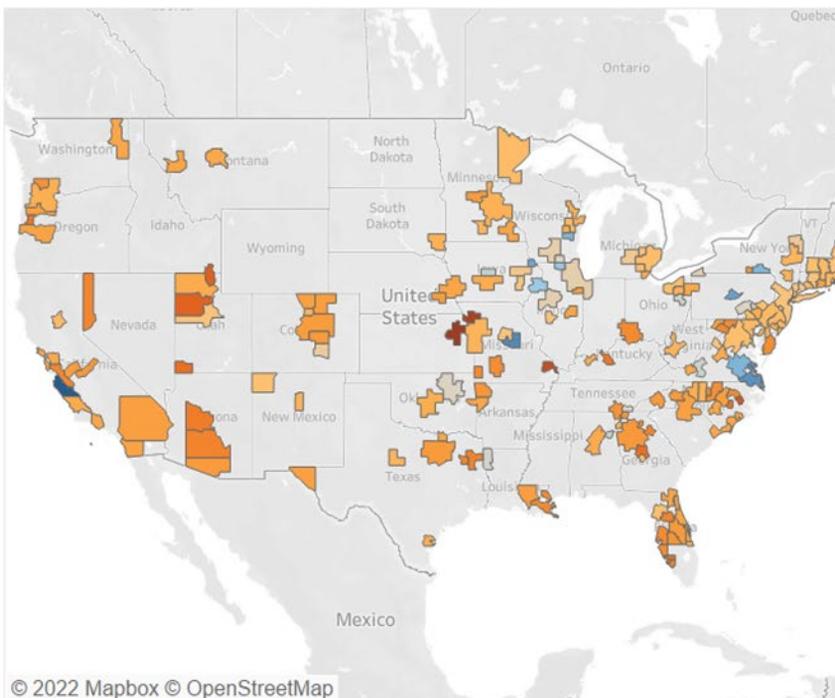
With demand outpacing supply, the median sales price on existing homes rose 15.8% on a year-over-year basis in December, the third highest on record since 2000.

Prices are rising strongly in many areas. In 70% of 180 markets for which preliminary data is available, the median sales prices rose at double-digit pace during the past four weeks of January 16.

NAR Chief Economist Lawrence Yun expects existing-home sales prices to rise at a slower pace of less than 5% in 2022 as demand eases due to higher mortgage rates.



126 out of 180 markets (70%) have double-digit price appreciation in the four weeks ended January 16 compared to one year ago



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Source: NAR preliminary figures. Final figures are released quarterly. Preliminary data is not available in some markets.

Y/Y Percent Change in the Median Existing-Home Sales Price

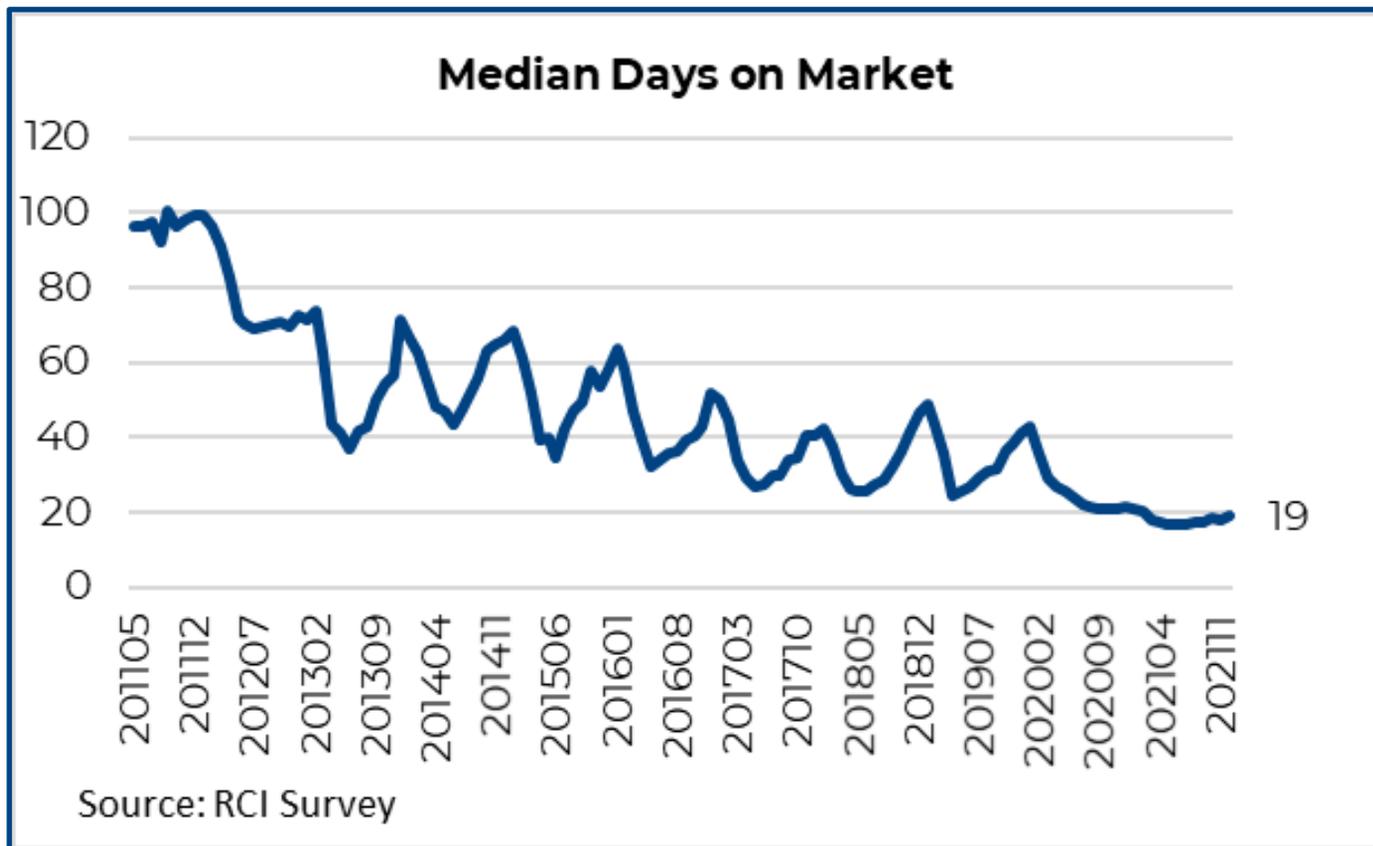
St. George, UT	40.0%
Macon, GA	40.0%
Punta Gorda, FL	39.2%
Corvallis, OR	36.2%
Prescott, AZ	34.4%
Athens-Clarke County, GA	31.7%
Ocala, FL	31.6%
Phoenix-Mesa-Scottsdale, AZ	31.6%
Tyler, TX	31.1%
Cape Coral-Fort Myers, FL	31.1%
Reno, NV	31.0%
Winchester, VA-WV	30.2%
San Jose-Sunnyvale-Santa Clara, CA	30.0%
Joplin, MO	29.2%
New Orleans-Metairie, LA	29.1%
Cincinnati, OH-KY-IN	28.9%
Tampa-St. Petersburg-Clearwater, FL	28.6%
Hagerstown-Martinsburg, MD-WV	28.6%
Rocky Mount, NC	28.3%
North Port-Sarasota-Bradenton, FL	28.2%
Springfield, MO	28.0%
Salisbury, MD-DE	27.9%
Durham-Chapel Hill, NC	27.2%
Chattanooga, TN-GA	26.1%

# Weekly Real Estate Monitor

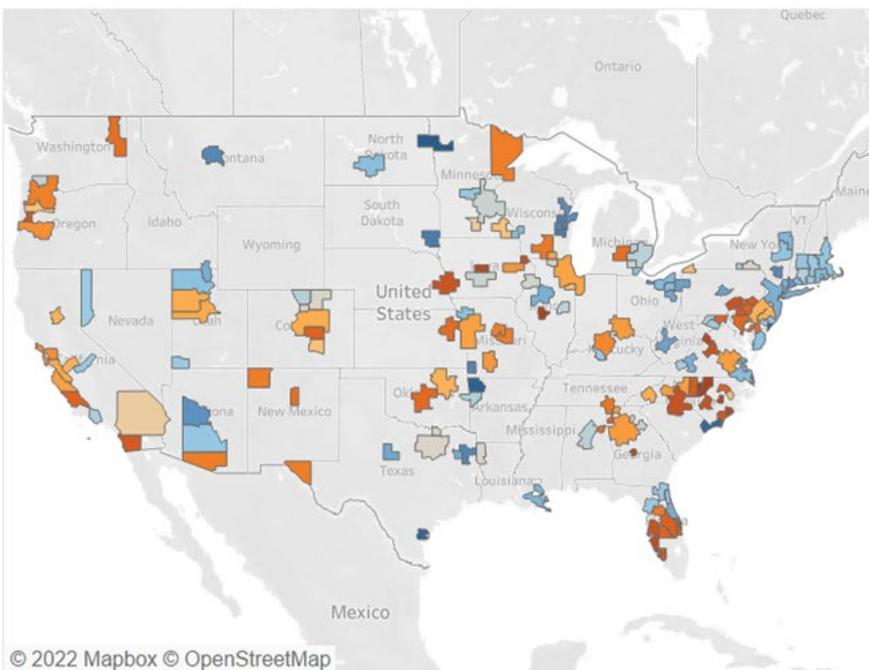
## Properties Typically Sold Faster in 19 Days in December

With lean inventory, properties typically sold in 19 days in December, two days faster compared to one year ago, according to the [REALTORS® Confidence Index Survey](#), a monthly survey of sales transactions of REALTORS®.

In 49% of 170 metro areas for which preliminary data is available during the past four weeks of January 16, half of properties sold in less than 15 days. In markets like Durham, North-Point-Sarasota-Bradenton, Charlotte, Tampa, Tampa, Omaha, Cape Coral, Corvallis, San Diego, and Greensboro, properties typically sold in one week.



Half of properties in 49% of 170 metro areas sold in less than 15 days during the 4-week period ended January 16 (orange areas)



Source: NAR, based on a sample of MLS data. Preliminary data may not be available in some markets.

### Median days on market

Durham-Chapel Hill, NC	4
North Port-Sarasota-Bradenton, FL	6
Charlotte-Concord-Gastonia, NC-SC	6
Fayetteville, NC	6
Tampa-St. Petersburg-Clearwater, FL	6
Omaha-Council Bluffs, NE-IA	6
Wilmington, NC	7
Cape Coral-Fort Myers, FL	7
Corvallis, OR	7
San Diego-Carlsbad, CA	7
Greensboro-High Point, NC	7
Orlando-Kissimmee-Sanford, FL	8
Colorado Springs, CO	8
Palm Bay-Melbourne-Titusville, FL	8
Baltimore-Columbia-Towson, MD	8
Oklahoma City, OK	9
Topeka, KS	9
Spokane-Spokane Valley, WA	9
Chattanooga, TN-GA	10
Madison, WI	10
Ocala, FL	10
Tucson, AZ	10
Portland-Vancouver-Hillsboro, OR-WA	10
Washington DC-Arlington-Alexandria	10
Louisville/Jefferson County, KY-IN	11

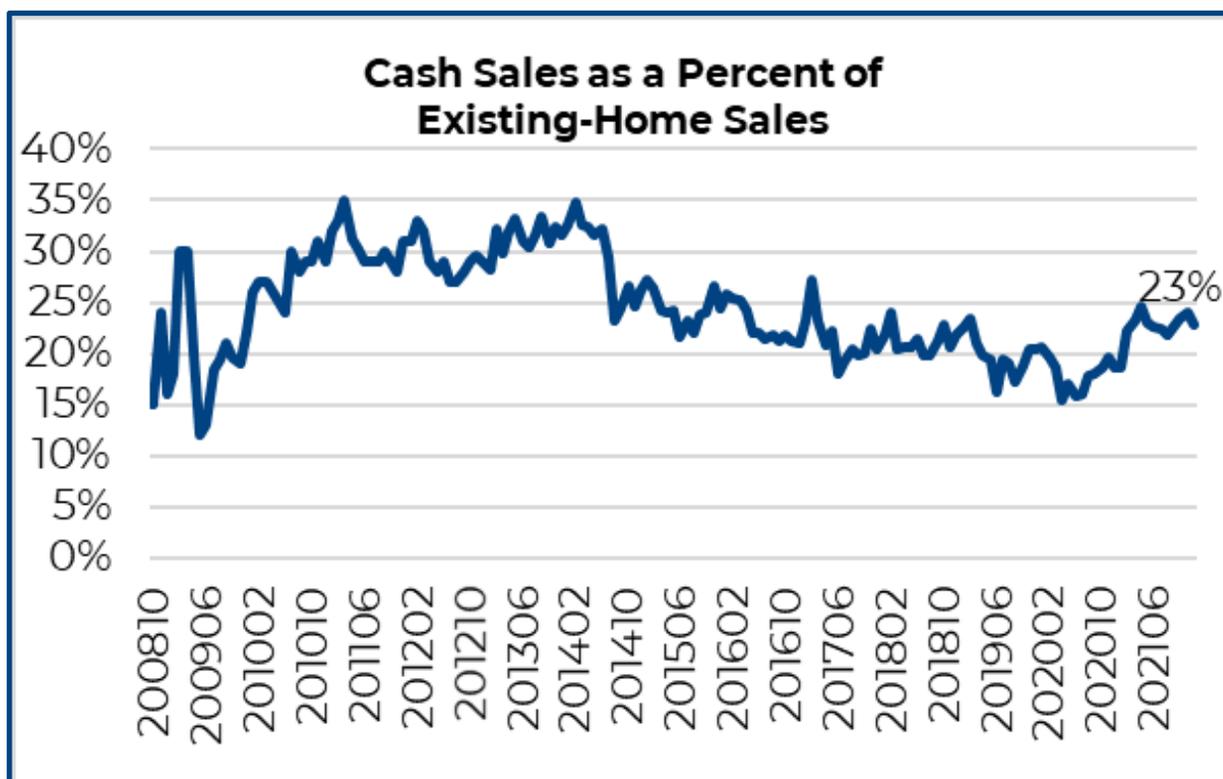
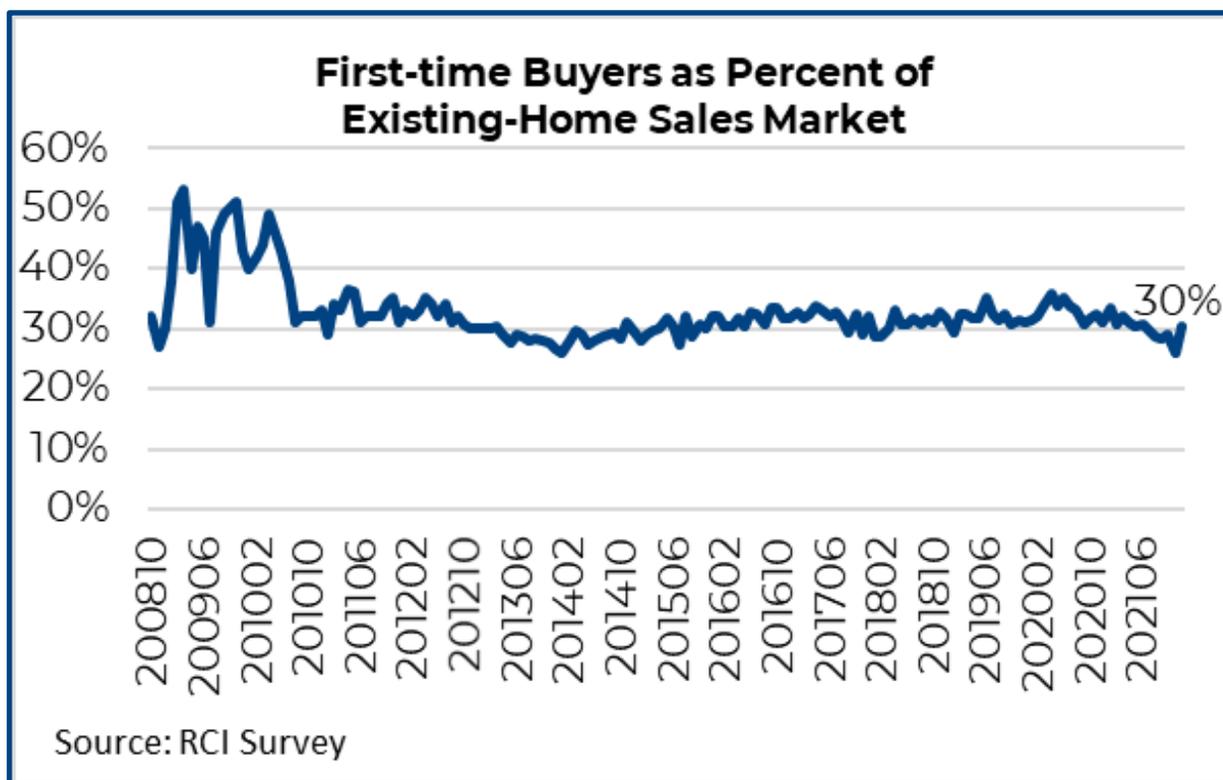
# Weekly Real Estate Monitor

## First-time buyer Share Picks Up to 30% but Still Struggle to Compete Against Cash Buyers

The share of first-time buyers increased to 30% in December (26% in the prior month, 31% one year ago), according to the [REALTORS® Confidence Index Survey](#), a monthly survey of sales transactions of REALTORS®.

The uptick in first-time buyer share could be due to buyers locking in at lower mortgage rates before rates rise further. Home purchase mortgage applications also rose in December, according to Mortgage Bankers Association data.

Still, first-time buyers continue to compete against cash buyers and investors. The share of cash sales remains elevated compared to one year ago, at 23% (24% in the prior month, 19% one year ago).



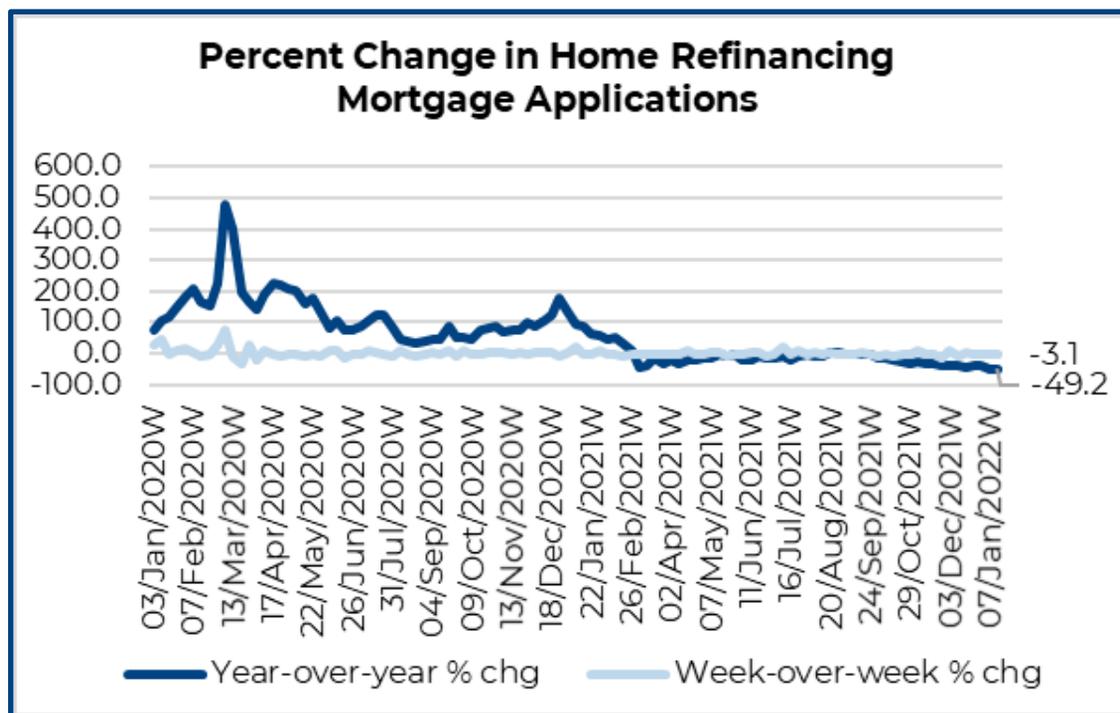
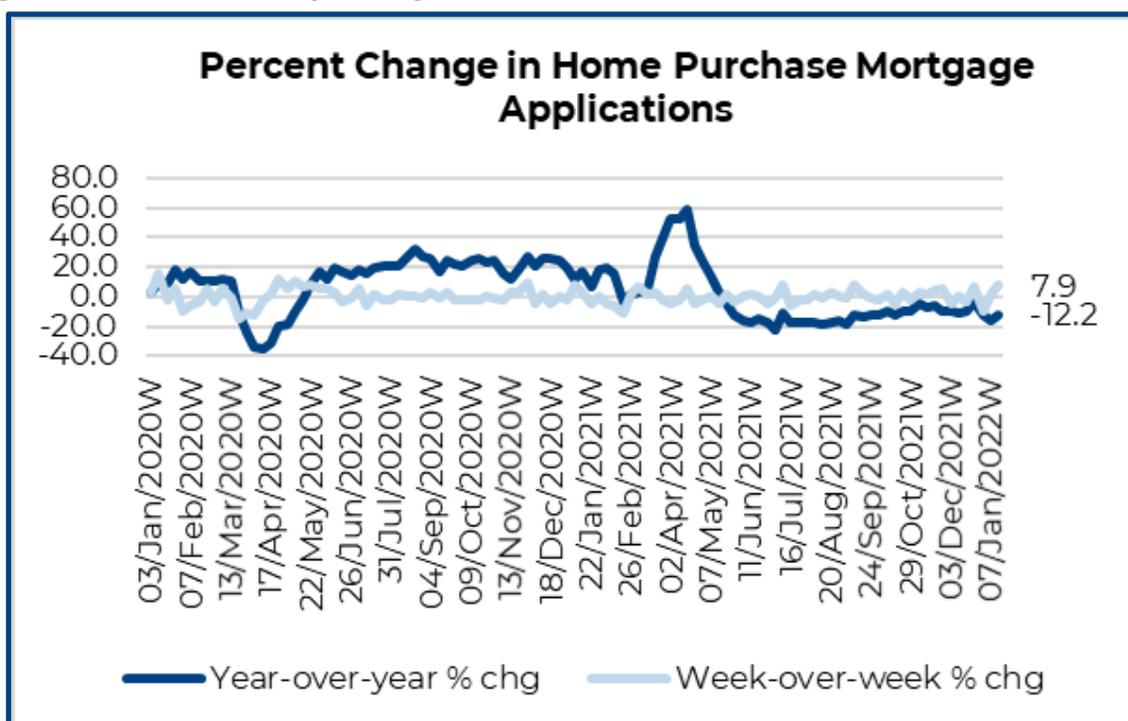
# Weekly Real Estate Monitor

## Mortgage Home Purchase Applications Increased

Mortgage applications for a home purchase increased 7.9% from the prior week but were 12.2% lower from one year ago, according to the MBA's Weekly Mortgage Applications Survey. The uptick in home purchase applications could be due to some weekly volatility but could also reflect buyers trying to lock in at the current rates before rates rise further as the Federal Reserve Board tightens money supply to head off inflation that hit 7% in December.

Conventional financing (includes Fannie Mae/Freddie Mac conforming loans) purchase applications increased 10.8% from the prior week while government-insured financing (FHA, VA, USDA) decreased 0.7%.

Refinancing applications decreased 3.1% from the prior week and 49.2% from one year ago. Expect a decline in refinancing activity for the most part in 2022 due to rising mortgage rates and with most homebuyers likely to have already refinanced given the low mortgage rates in the past year.



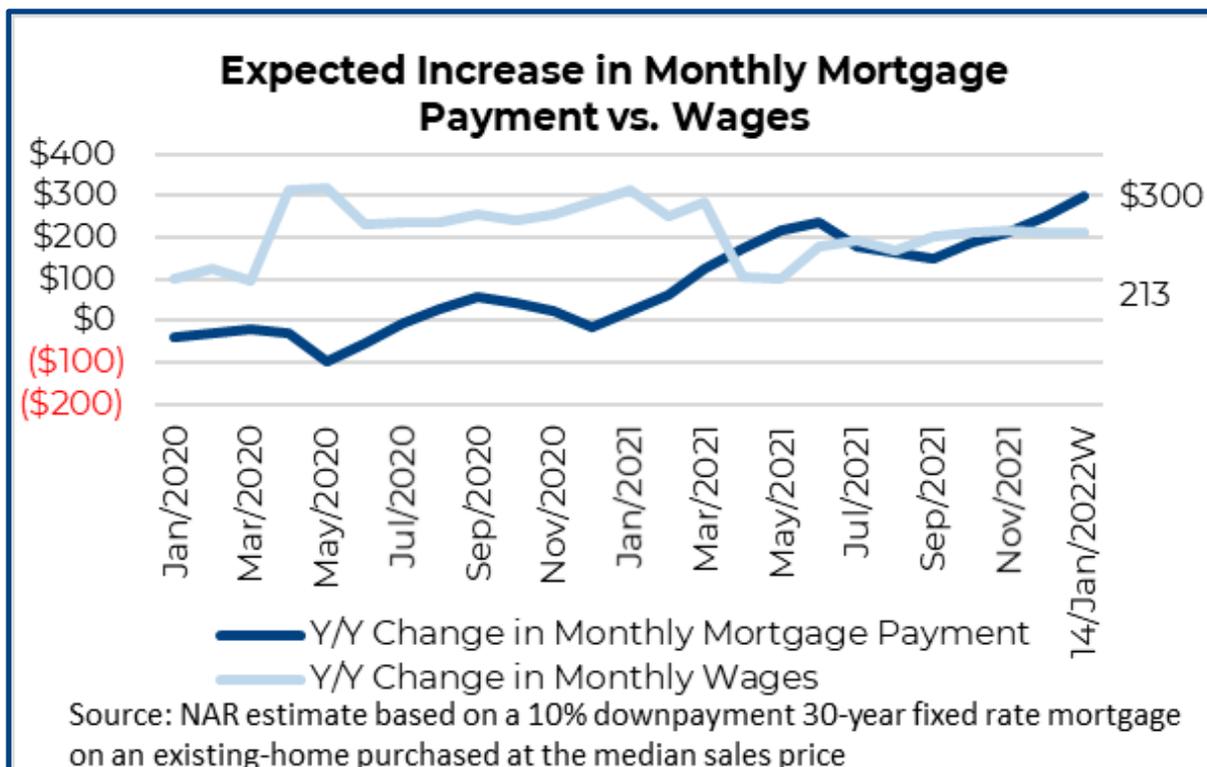
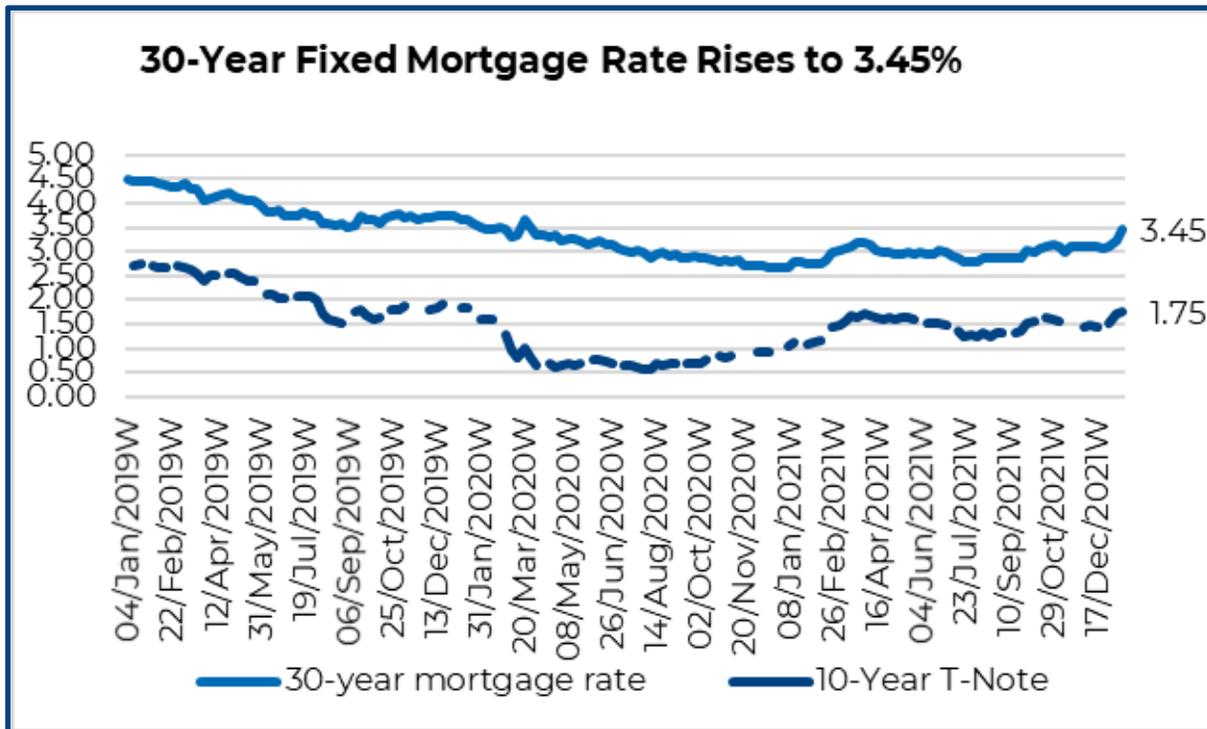
# Weekly Real Estate Monitor

## Typical Monthly Mortgage Up \$300 from One Year Ago as Mortgage Rate Hits 3.45%

The 30-year fixed mortgage rate sharply rose to 3.45% following the rise in the 10-year T-note to 1.75% as investors anticipate a stronger and accelerated pace of monetary tightening from the Federal Reserve to rein in inflation to 2% after inflation rose to 7% in December.

With a forecasted median existing-home sales price of \$351,569 for January and the 3.45% mortgage rate on a 10% downpayment mortgage, a homeowner will pay \$300 more in monthly mortgage compared to one year ago. This outpaces the \$213 increase in monthly wages, indicating a decline in affordability.

NAR Chief Economist Lawrence Yun expects the 30-year fixed mortgage rate to increase to 3.7% by the end of 2022 and are likely to rise further in 2023 as the Federal Reserve maneuvers inflation back to 2%.



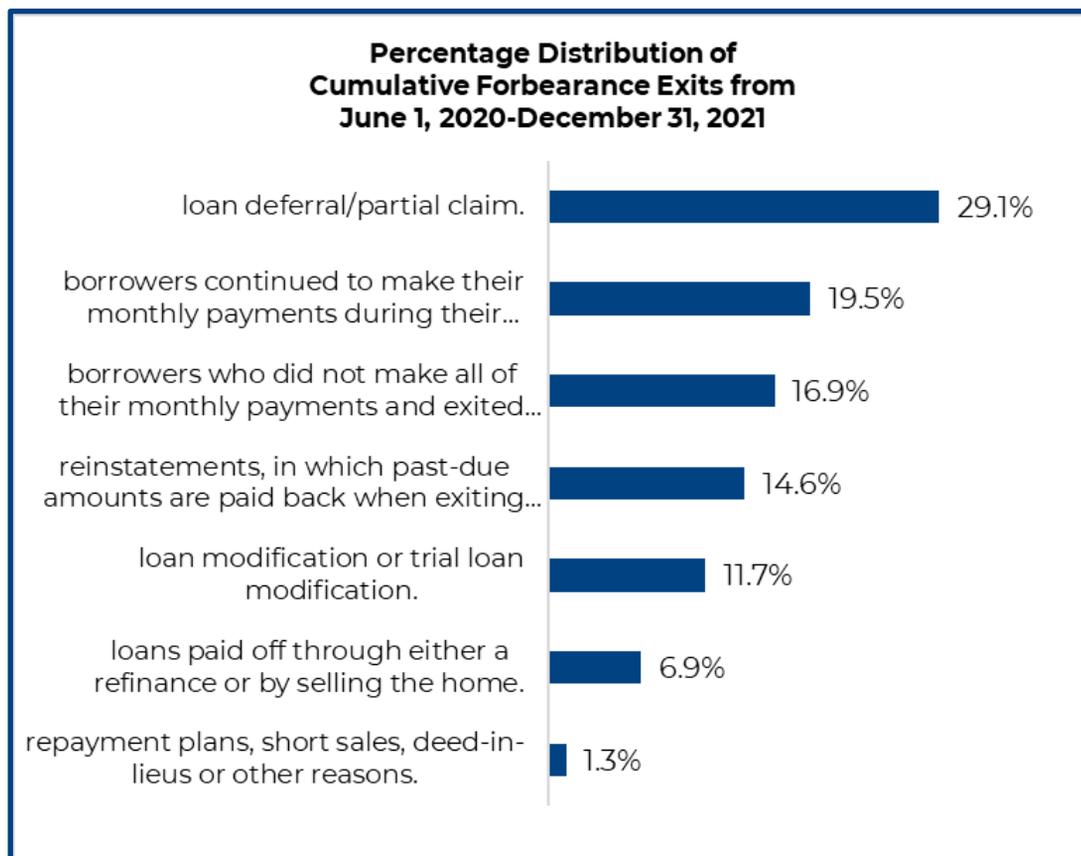
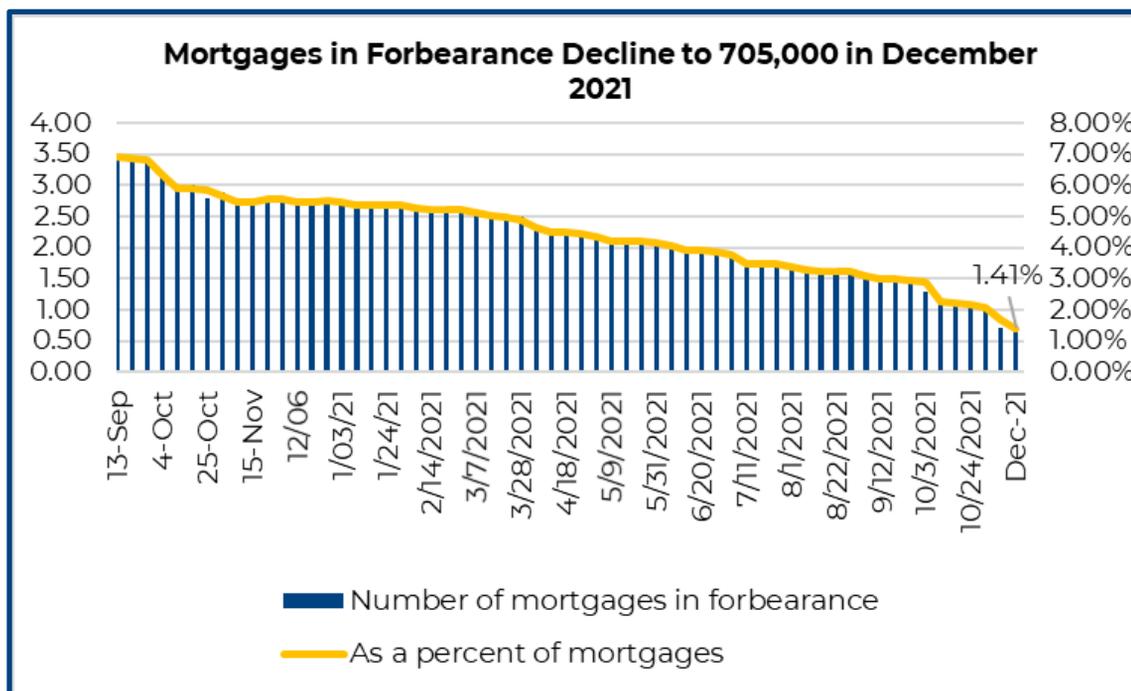
# Weekly Real Estate Monitor

## Mortgages in Forbearance Declines to 705,000 as of December

With sustained job growth and economic recovery, the number of mortgages in forbearance continued to decline to 705,000 as of December, from nearly 4 million in mid-2020 after the pandemic hit. The number of mortgages in forbearance is equivalent to 1.4% of outstanding mortgages.

Most borrowers exit the forbearance program with a loss mitigation plan in place. Only 9% sell their homes, so the impact on the housing market of deed-in-lieu sales and short sales is minimal. Currently, only 1% of sales are sales of foreclosed properties and short sales, according to the REALTORS® Confidence Index Survey, a monthly survey of sales transactions of REALTORS®.

However, 17% of those who exited the program did not have a loss mitigation plan in place, or 550,000 homeowners. While this is less than 10% of existing-home sales, these homeowners are still at risk of losing their home, behooving lenders and servicers to follow up with these borrowers.



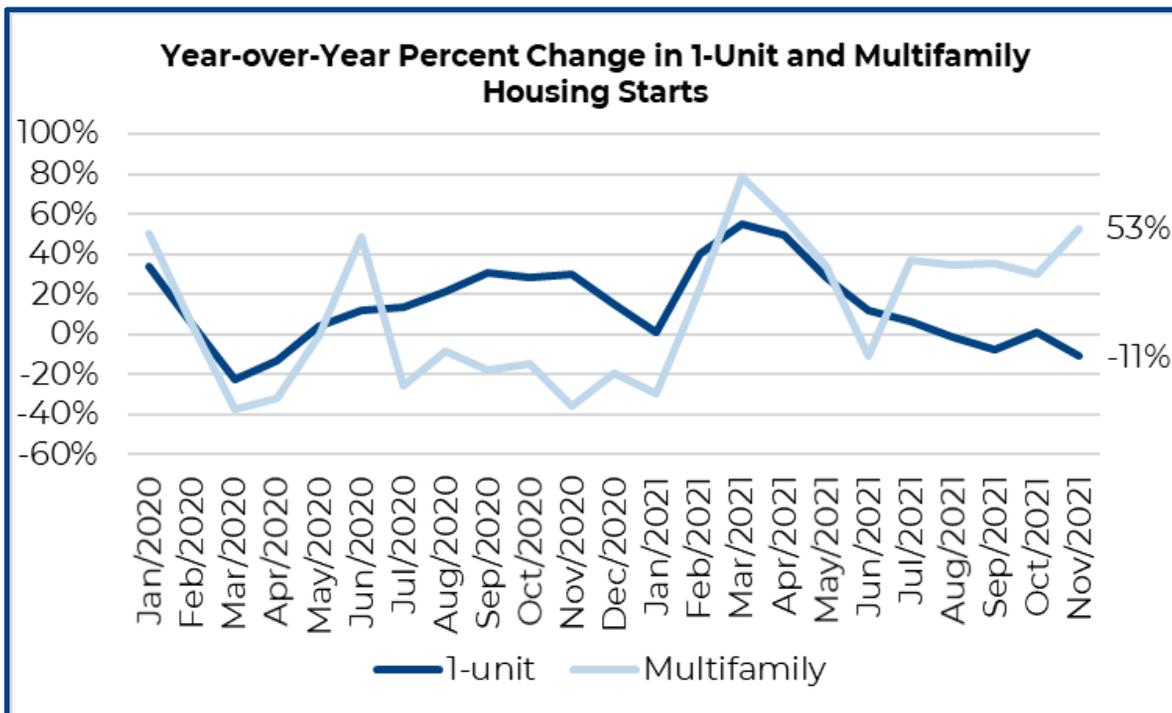
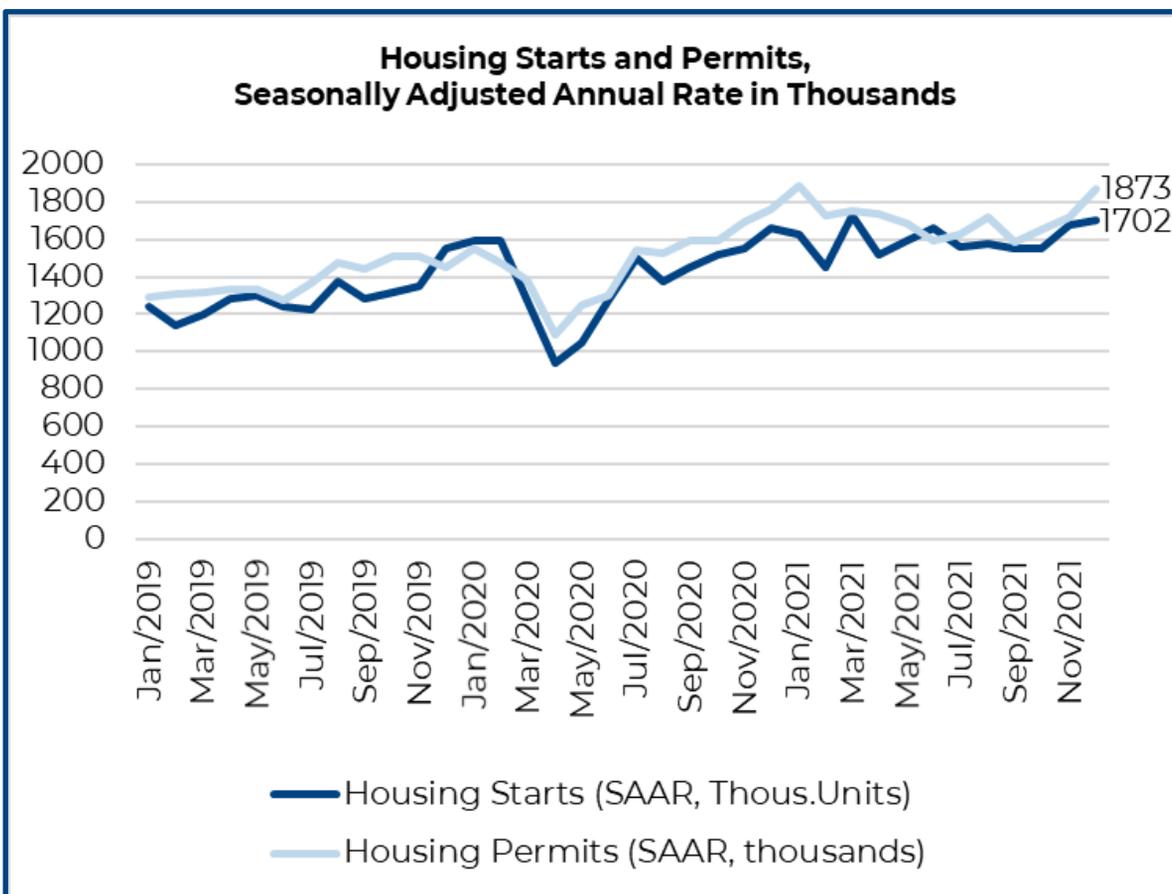
# Weekly Real Estate Monitor

## Housing Starts and Permits Increase in December

Housing starts on a seasonally adjusted annual rate rose to 1.7 million in December 2021. Housing permits rose at an even stronger pace to 1.87 million.

The increase in housing starts came from multifamily construction, with multifamily housing starts up 11% from the prior month to 530,000 units, while housing starts for single-family units declined 2% from the prior month to 1.17 million. The increase in multifamily housing starts will temper rent growth, with asking rents at 11% year-over-year, according to CoStar® market data.

More construction is needed to cool down home prices and apartment rents. However, rising cases of omicron variant remains a major headwind for the home building industry as workers call in sick and spend additional days to quarantine.



# Weekly Real Estate Monitor

## Higher Occupancy Across Core Commercial Real Estate Sectors

Occupancy increased in the multifamily, office, industrial, and retail commercial real estate sectors in 2021 Q4.

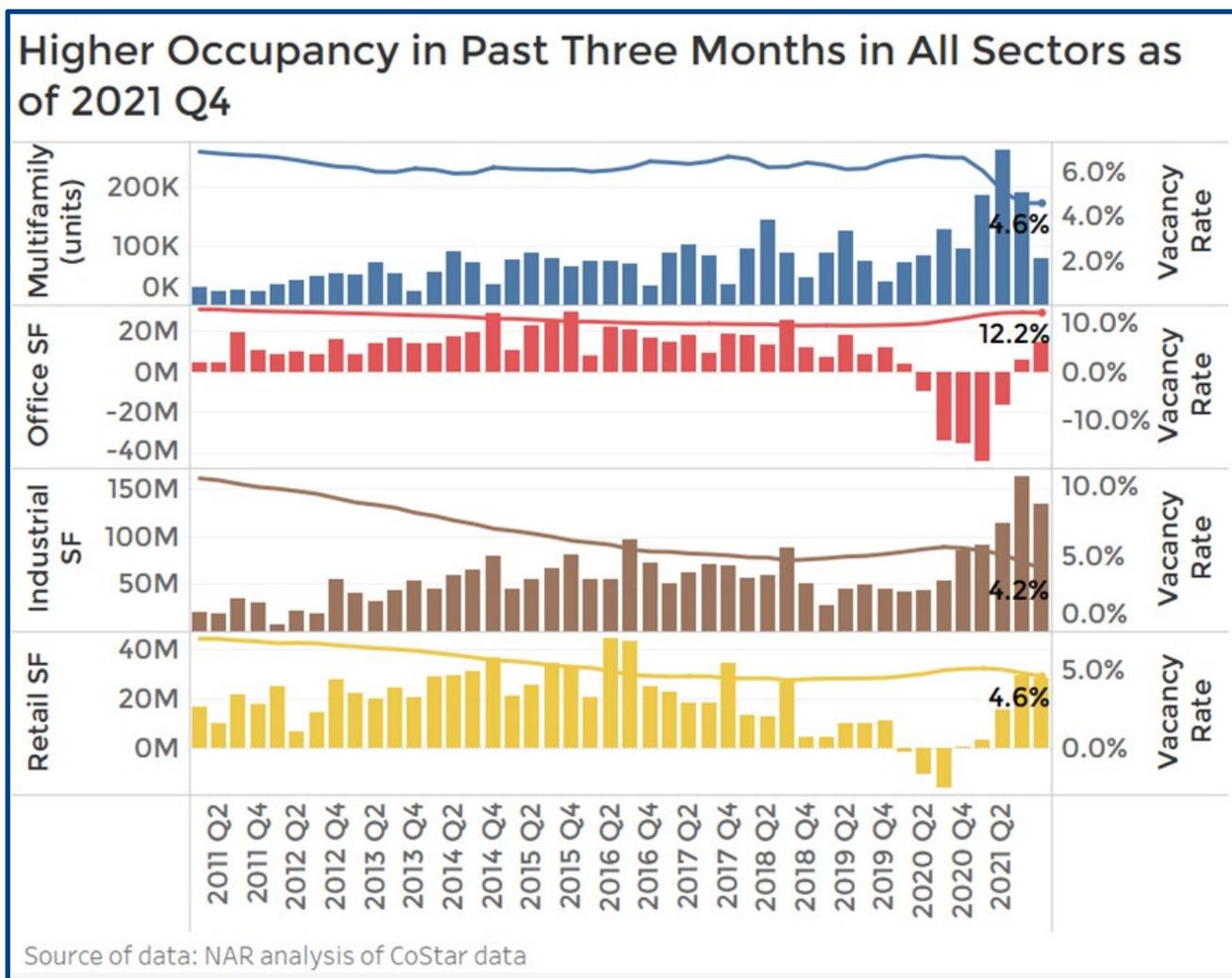
In the apartment market, 78,000 units were absorbed on a net basis in the last quarter, bringing the total net absorption to 714,672 in the past 12 months, which is nearly double the 12-month absorption in 2019 and 2020. Occupancy is up 1.02 million units since 2020 Q2. With higher absorption, the vacancy rate decreased to 4.6% from 6.7% in 2020 Q1.

In the office market, occupancy rose 14.6 million square feet in 2021 Q4. However, 117.9 million square feet of office space has given back to the market since 2020 Q2. The vacancy rate has increased to 12.2% as of 2021 Q4 from 9.7% in 2020 Q1.

In the industrial market, 134.7 million square feet of office space was absorbed in 2021 Q4, with 685 million square feet of space absorbed since 2020 Q2. The industrial sector has the lowest vacancy rate among the core property markets, at 4.2%, from 5.3% in 2020 Q1.

In the retail property market, occupancy has been rising since 2020 Q4, with 28 million square feet absorbed in 2021 Q4 and a net absorption of nearly 50 million square feet since 2020 Q2. The vacancy rate is at 4.6%.

Download the [December Commercial Market Insights Report](#) and [Commercial Metro Market Reports](#).



# Weekly Real Estate Monitor

## Rising Rents in all Markets

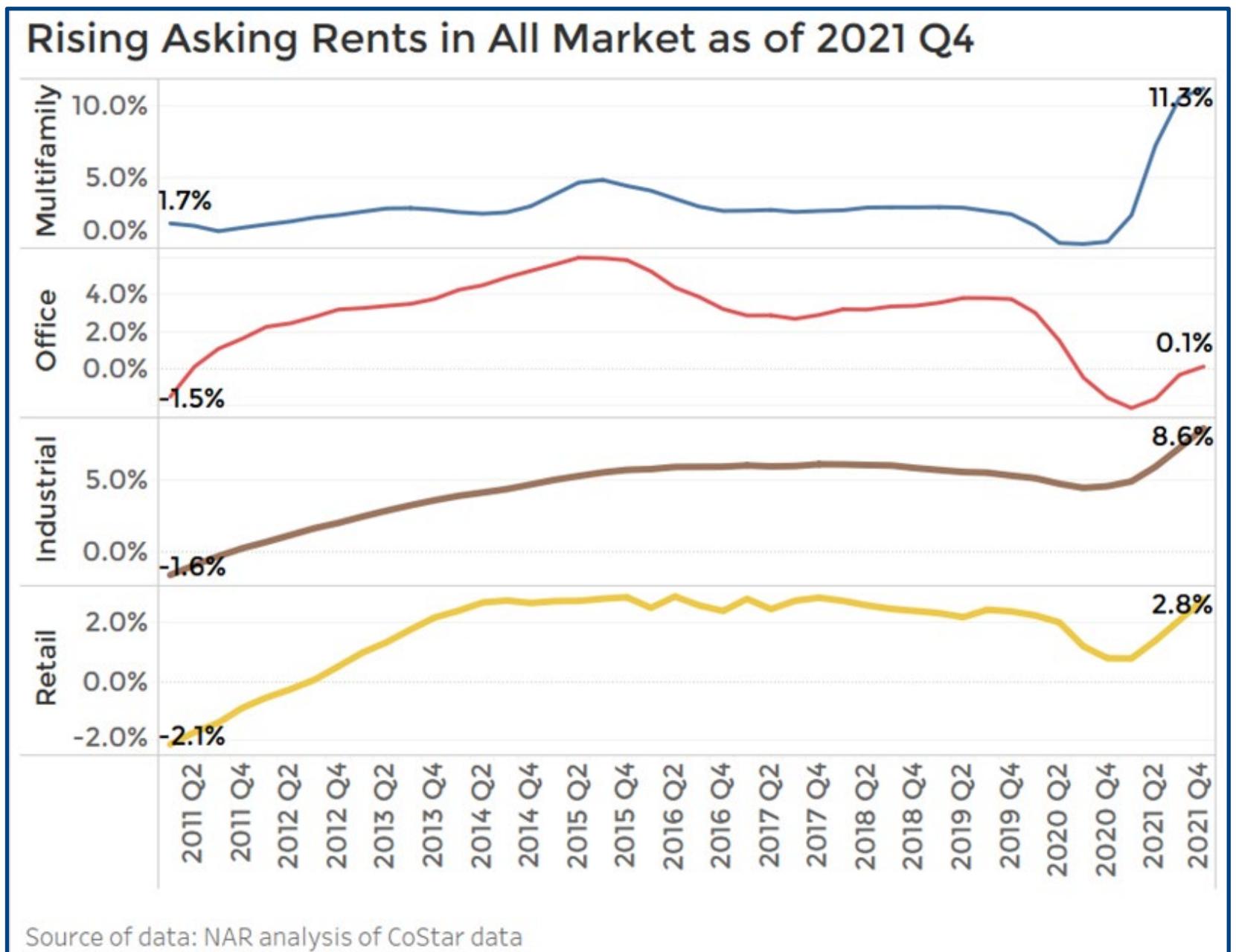
Apartment asking rents were up 11.3% year-over-year on average in the past 12 months as of December 2021. Prior to the pandemic in 2020 Q1, apartment rents were rising by just 1.6%.

In the office market, the average asking rent in 2021 Q4 was up 0.1% year-over-year after rents decreased 2.1% year-over-year in 2020 Q1. Prior to the pandemic in 2020 Q1, office rents had been rising 3% on a year-over-year basis.

In the industrial property market, the average asking rent per square foot rose to a record high of 8.6%. Prior to the pandemic, rents were rising by 5.1%. The acceleration of e-commerce sales is bolstering the demand for industrial warehouses and distribution centers.

In the retail property market, the average asking rent rose to 2.8%, which is higher than the 2.2% pre-pandemic rent growth.

Download the [December Commercial Market Insights Report](#) and [Commercial Metro Market Reports](#).



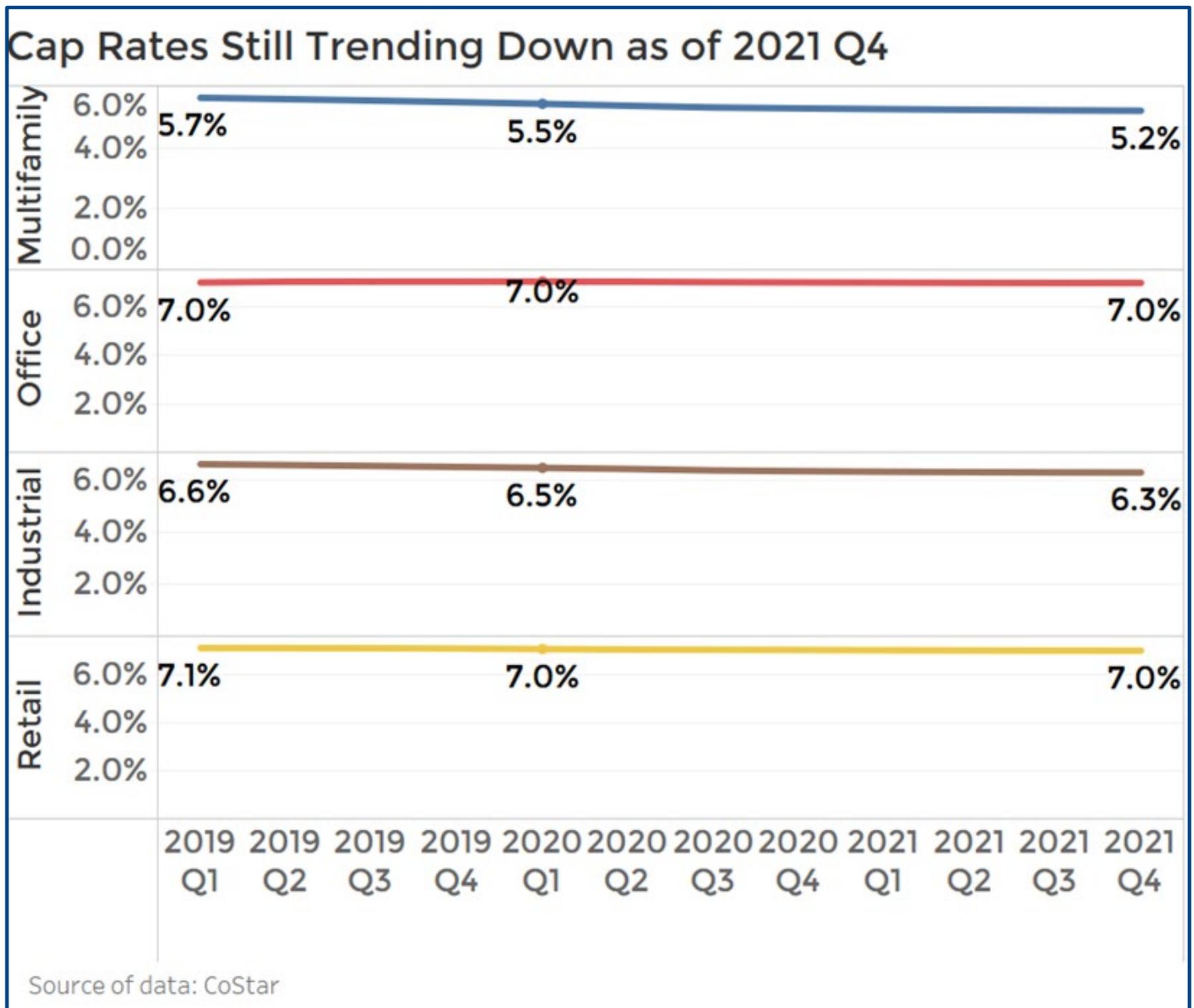
# Weekly Real Estate Monitor

## Commercial Cap Rates

Cap rents continued to trend downwards relative to pre-pandemic levels even as the 10-year Treasury notes has been trending upwards during the year (1.08% in January, 1.5% as of December 31).

The multifamily market has the lowest cap rate among the core property markets, with a cap rate of 5.2% (5.5% in 2020 Q1). In the office market, the median cap rate was 7.0% (7.0% in 2020 Q1). In the industrial market, the median cap rate was 6.5% (6.5% in 2020 Q1). In the retail market, the median cap rate was 7% (7% in 2020 Q1).

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## Top 20 Multifamily Real Estate Markets by Net Absorption as of 2021 Q4

CBSA Code	Geography Name	12-Month Absorption $\mp$ in Units	Vacancy Rate	Market Asking Rent/Unit	Y/Y Market Asking Rent Growth	Market Cap Rate
19100	Dallas-Fort Worth - TX	49,099	5.4%	\$1,416	15.0%	4.9%
26420	Houston - TX	39,713	7.0%	\$1,237	9.6%	5.5%
35614	New York - NY	37,935	2.3%	\$2,868	5.8%	4.4%
31084	Los Angeles - CA	32,967	3.6%	\$2,092	6.7%	4.1%
47900	Washington - DC	23,396	6.3%	\$1,958	9.7%	4.7%
12420	Austin - TX	20,602	6.0%	\$1,593	20.5%	4.5%
16980	Chicago - IL	20,121	5.6%	\$1,537	8.3%	5.8%
12060	Atlanta - GA	18,364	5.5%	\$1,575	18.7%	4.8%
42660	Seattle - WA	17,178	4.9%	\$1,863	10.7%	4.1%
14460	Boston - MA	16,099	4.3%	\$2,491	10.9%	4.4%
36740	Orlando - FL	16,040	5.3%	\$1,654	24.7%	4.5%
37980	Philadelphia - PA	13,172	3.6%	\$1,539	9.7%	5.3%
16740	Charlotte - NC	12,937	6.4%	\$1,464	17.6%	4.5%
33124	Miami - FL	12,797	3.5%	\$2,006	17.4%	4.7%
19740	Denver - CO	12,682	6.2%	\$1,696	12.9%	4.4%
38060	Phoenix - AZ	12,469	5.1%	\$1,541	21.8%	4.1%
41700	San Antonio - TX	11,724	5.6%	\$1,177	12.9%	5.3%
33460	Minneapolis - MN	11,490	5.7%	\$1,363	3.6%	5.4%
38900	Portland - OR	10,377	4.7%	\$1,516	9.3%	4.5%
34980	Nashville - TN	10,284	5.5%	\$1,512	17.1%	4.8%

Source: CoStar. The cap rate is a modeled cap rate based on sales transactions data for some properties.

## Top 20 Office Real Estate Markets by Net Absorption as of 2021 Q4

CBSA Code	Geography Name	12-Month Absorption $\mp$ in Sq.Ft	Vacancy Rate	Market Rent/SF	Market Rent Growth 12 Mo	Market Cap Rate
12420	Austin - TX	2,221,098	13.1%	\$42	1.1%	5.9%
29820	Las Vegas - NV	1,109,284	10.8%	\$25	4.1%	7.4%
34980	Nashville - TN	1,082,971	10.1%	\$29	1.0%	7.0%
41700	San Antonio - TX	959,612	9.4%	\$27	1.6%	8.4%
41940	San Jose - CA	904,461	12.3%	\$62	1.2%	5.0%
41620	Salt Lake City - UT	890,168	9.1%	\$24	2.9%	7.3%
39580	Raleigh - NC	848,096	8.3%	\$28	2.6%	6.9%
39340	Provo - UT	664,344	10.8%	\$22	1.7%	8.3%
36740	Orlando - FL	586,869	8.1%	\$26	2.3%	7.6%
40140	Inland Empire - CA	566,377	6.6%	\$24	2.9%	7.2%
45300	Tampa - FL	402,026	8.7%	\$25	2.5%	7.7%
16740	Charlotte - NC	397,894	11.8%	\$30	1.5%	6.7%
12060	Atlanta - GA	300,540	13.8%	\$27	1.0%	7.2%
40900	Sacramento - CA	116,815	10.1%	\$27	1.3%	7.2%
19100	Dallas-Fort Worth - TX	-210,251	17.9%	\$28	0.9%	7.0%
28140	Kansas City - MO	-421,339	9.6%	\$21	0.6%	8.2%
19820	Detroit - MI	-490,863	11.7%	\$21	-0.1%	9.3%
38060	Phoenix - AZ	-777,916	13.9%	\$27	2.2%	7.0%
42660	Seattle - WA	-1,074,667	9.6%	\$38	1.1%	5.6%
14460	Boston - MA	-1,482,637	9.7%	\$41	1.2%	5.9%

Source: CoStar. The cap rate is a modeled cap rate based on sales transactions data for some properties.

## Top 20 Industrial Real Estate Markets by Net Absorption as of 2021 Q4

CBSA Code	Geography Name	12-Month Net Absorption <sup>1</sup> in Sq. Ft.	Vacancy Rate	Market Rent/SF	Market Rent Growth 12 Mo	Market Cap Rate
19100	Dallas-Fort Worth - TX	44,889,044	5.3%	\$7.6	9.9%	5.9%
12060	Atlanta - GA	36,661,384	3.2%	\$7.2	12.4%	6.1%
16980	Chicago - IL	32,956,184	5.3%	\$8.1	8.0%	6.7%
40140	Inland Empire - CA	32,445,388	1.5%	\$10.8	11.9%	4.3%
26420	Houston - TX	29,476,080	6.8%	\$8.0	4.8%	6.5%
38060	Phoenix - AZ	22,086,536	4.9%	\$9.8	11.8%	5.6%
26900	Indianapolis - IN	16,738,047	3.6%	\$6.2	6.2%	7.3%
37980	Philadelphia - PA	16,626,853	4.0%	\$8.8	13.3%	6.5%
18140	Columbus - OH	15,836,565	3.5%	\$6.0	12.0%	6.6%
35614	New York - NY	15,158,348	3.3%	\$15.8	6.5%	5.2%
32820	Memphis - TN	11,921,311	5.9%	\$4.4	10.8%	7.4%
10900	Lehigh Valley - PA	10,198,286	4.4%	\$7.1	9.8%	5.9%
19820	Detroit - MI	10,042,195	4.2%	\$7.7	9.4%	8.6%
28140	Kansas City - MO	10,040,826	4.5%	\$6.1	6.4%	7.7%
34980	Nashville - TN	9,560,492	3.2%	\$9.3	13.2%	6.0%
29820	Las Vegas - NV	9,198,117	2.4%	\$10.7	11.3%	5.2%
42340	Savannah - GA	9,196,872	2.2%	\$6.7	11.5%	6.1%
17140	Cincinnati - OH	8,271,474	4.4%	\$5.9	9.1%	7.5%
47900	Washington - DC	7,114,629	4.6%	\$13.5	9.3%	6.3%
16740	Charlotte - NC	4,808,904	5.7%	\$7.1	10.0%	6.6%

Source: CoStar. The cap rate is a modeled cap rate based on sales transactions data for some properties.

## Top 20 Retail Real Estate Markets by Net Absorption as of 2021 Q4

CBSA Code	Geography Name	12-Month Net Absorption <sup>1</sup> in Sq. Ft.	Vacancy Rate	Market Rent Growth 12 Mo	Market Rent/SF	Market Cap Rate
26420	Houston - TX	5,702,563	5.6%	3.2%	\$21.2	7.0%
19100	Dallas-Fort Worth - TX	4,500,692	5.4%	2.9%	\$20.6	6.6%
12060	Atlanta - GA	4,286,919	4.5%	6.9%	\$19.4	7.2%
16980	Chicago - IL	3,065,065	6.0%	2.4%	\$19.7	7.4%
19820	Detroit - MI	2,673,078	5.1%	5.2%	\$17.4	7.9%
35614	New York - NY	2,636,830	4.0%	2.3%	\$45.2	6.0%
27260	Jacksonville - FL	2,151,537	4.1%	7.1%	\$20.3	7.0%
38060	Phoenix - AZ	1,972,973	6.6%	4.3%	\$20.3	6.9%
12420	Austin - TX	1,931,546	3.5%	4.0%	\$27.0	6.3%
41700	San Antonio - TX	1,879,964	4.3%	4.2%	\$20.2	6.5%
36740	Orlando - FL	1,831,940	3.9%	4.6%	\$24.5	6.9%
45300	Tampa - FL	1,692,451	3.8%	7.1%	\$21.6	6.7%
29820	Las Vegas - NV	1,559,820	5.7%	9.3%	\$28.1	6.2%
14460	Boston - MA	1,453,401	2.8%	-0.6%	\$24.2	6.4%
37980	Philadelphia - PA	1,278,330	4.9%	2.8%	\$21.4	7.1%
16740	Charlotte - NC	1,183,000	4.0%	4.6%	\$20.8	7.1%
19740	Denver - CO	1,025,710	4.6%	2.7%	\$23.9	6.4%
36420	Oklahoma City - OK	884,503	5.1%	3.6%	\$15.8	7.8%
18140	Columbus - OH	761,039	3.8%	1.9%	\$16.8	8.2%
47900	Washington - DC	63,793	5.2%	0.2%	\$29.4	6.3%

Source: CoStar. The cap rate is a modeled cap rate based on sales transactions data for some properties.

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