

2022

# Weekly Real Estate Monitor

## Residential and Commercial Markets

January 24-27

National Association of REALTORS® Research Group



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# Weekly Real Estate Monitor

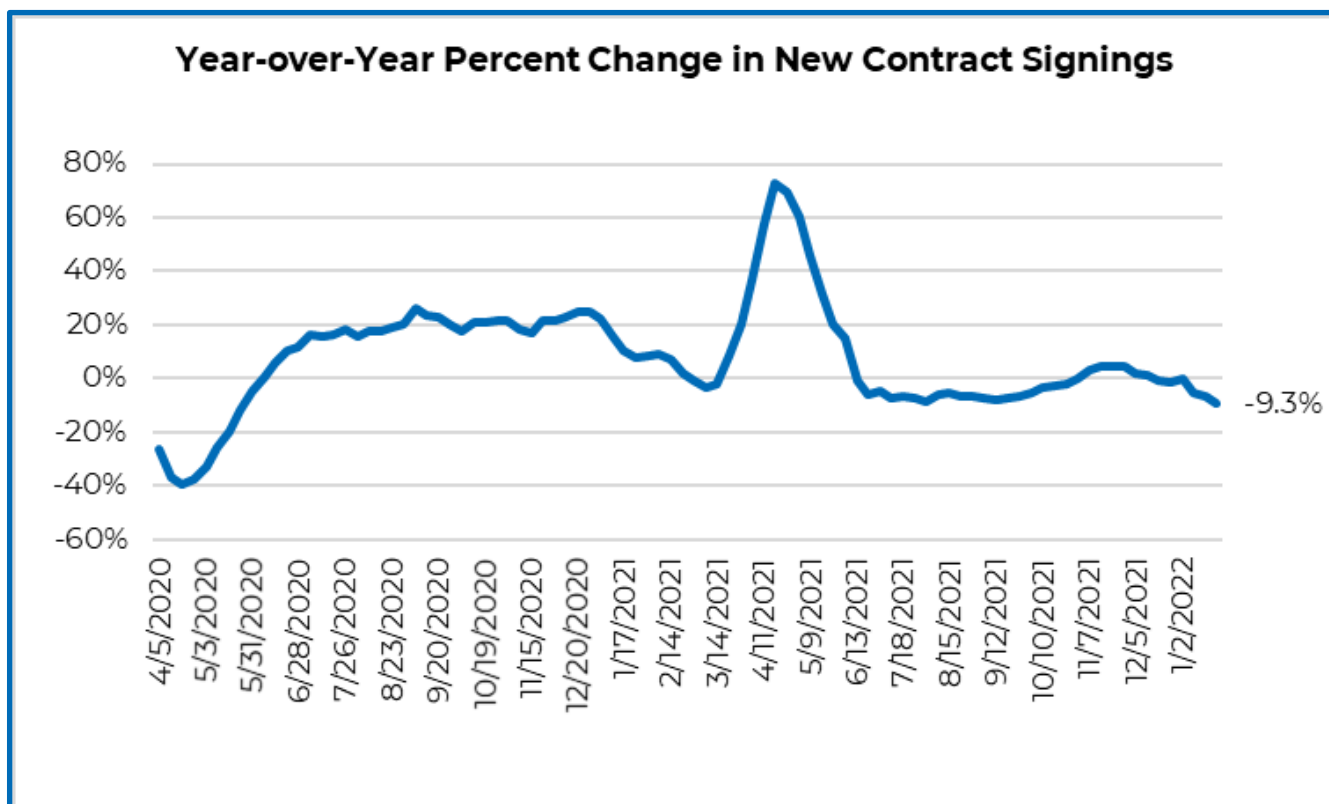
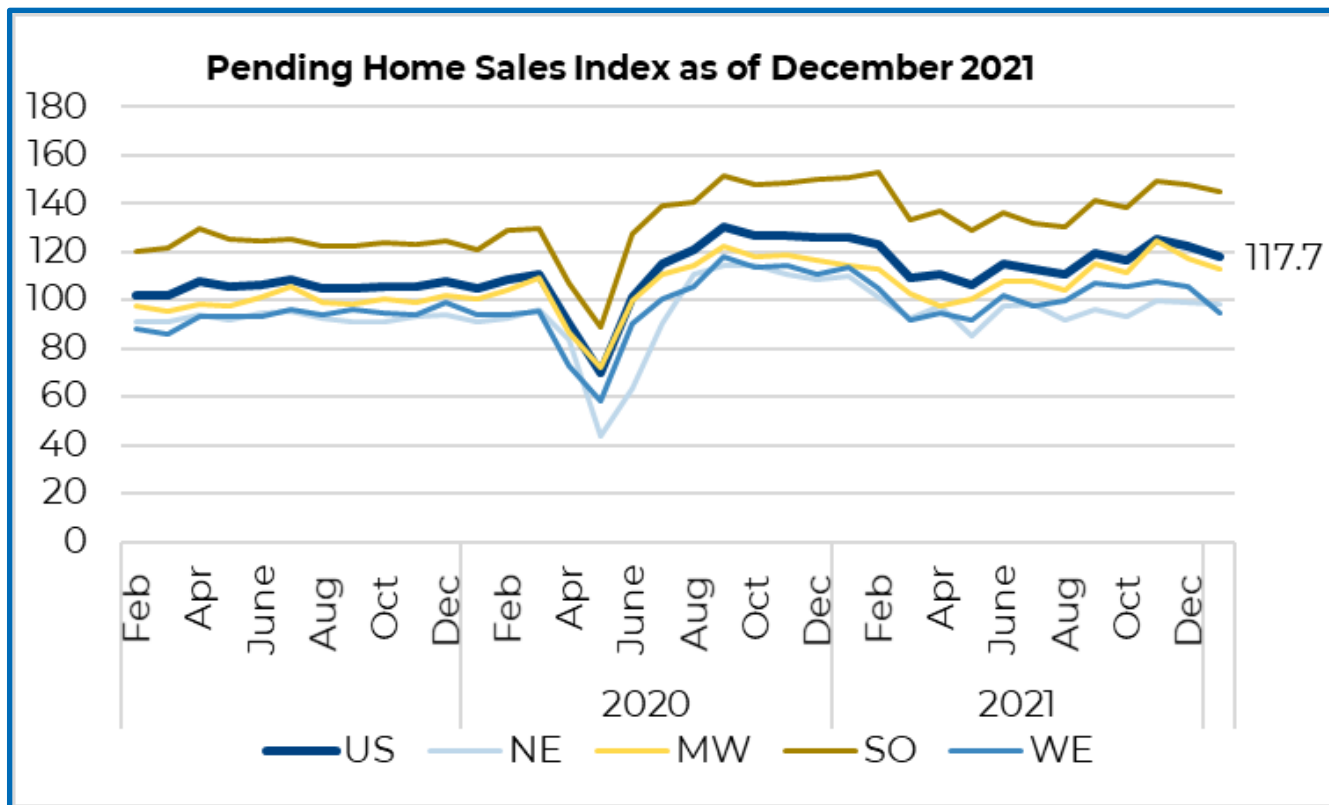
## Pending Home Sales Slide 3.8% in December

Contract signings were 3.8% lower in December from the prior month, as the Pending Home Sales Index slipped to 117.7 (contract signings in 2001 are indexed at 100).

Contract signings were 6.9% lower compared to December 2020.

Preliminary data for the four weeks through January 23 indicates contract signings were down 9.3% year-over-year. [Official figures](#) on the January 2021 pending home sales will be released on February 25.

NAR Chief Economist Lawrence Yun expects existing-home sales to slightly decline by 2.8% to 5.95 million in 2022.



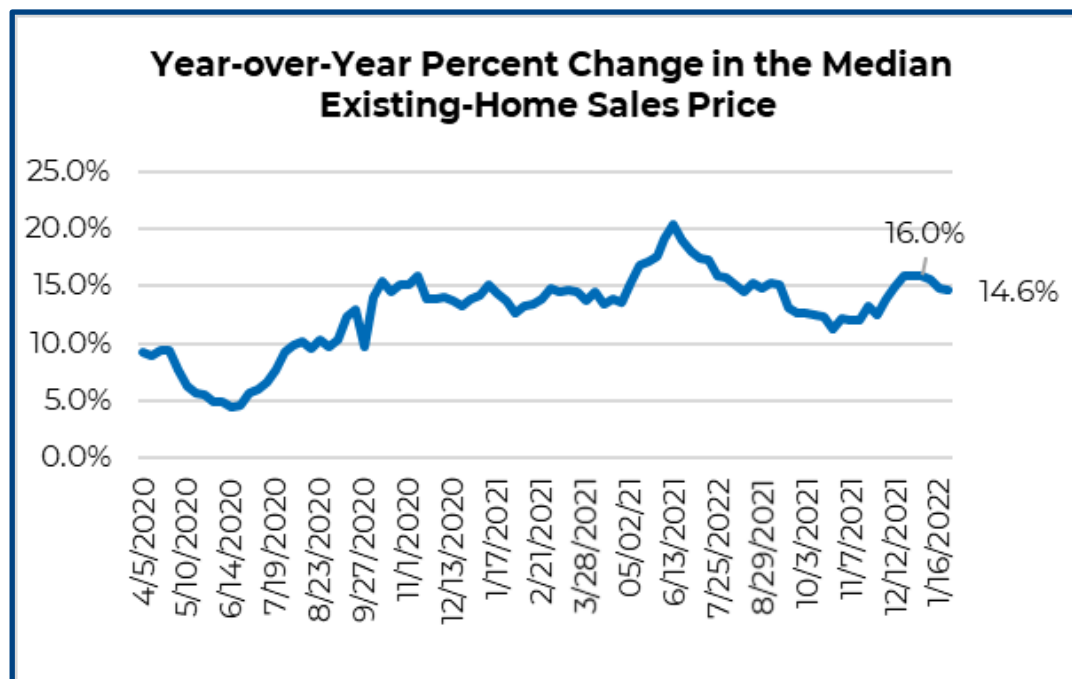
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## Median Existing-Home Sales Price Increased 15%

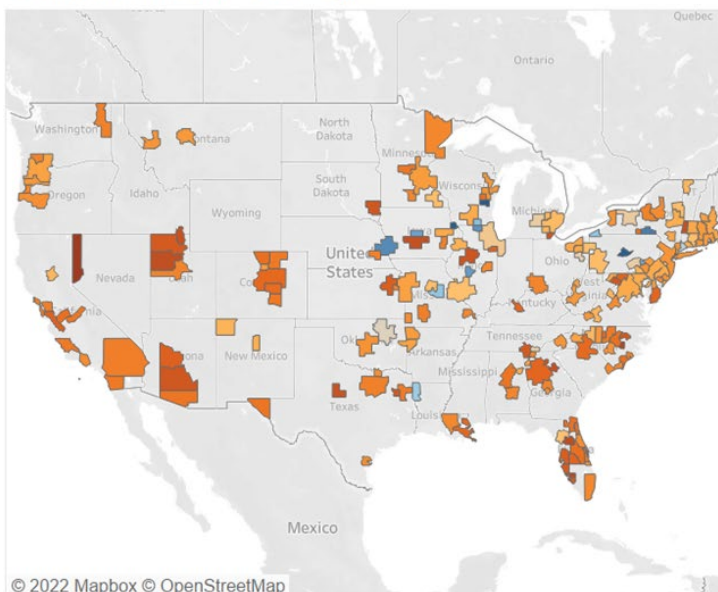
Preliminary data indicates the median sales price on existing-homes sold rose nearly 15% year-over-year. [Official figures](#) for January existing-home sales will be released on February 18.

In 128 out of 189 markets (68%), the median existing-home sales price rose at a double-digit pace across small and large markets such as Salt Lake City, Des Moines, Phoenix, Chattanooga, Ogden, Tampa, and San Jose. [Official figures](#) on 2021 Q4 metro area prices will be released on February 10.

According to the S&P CoreLogic Case-Shiller National Price Index, existing single-family home prices rose 18.8% during the 3-month period of September-November (reported as November 2021 figures). NAR reported last week that the median existing-home sales price on single-family and condominium/coop sales rose 15.8% year-over-year.



128 out of 186 markets (69%) have double-digit price appreciation in the four weeks ended January 23 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

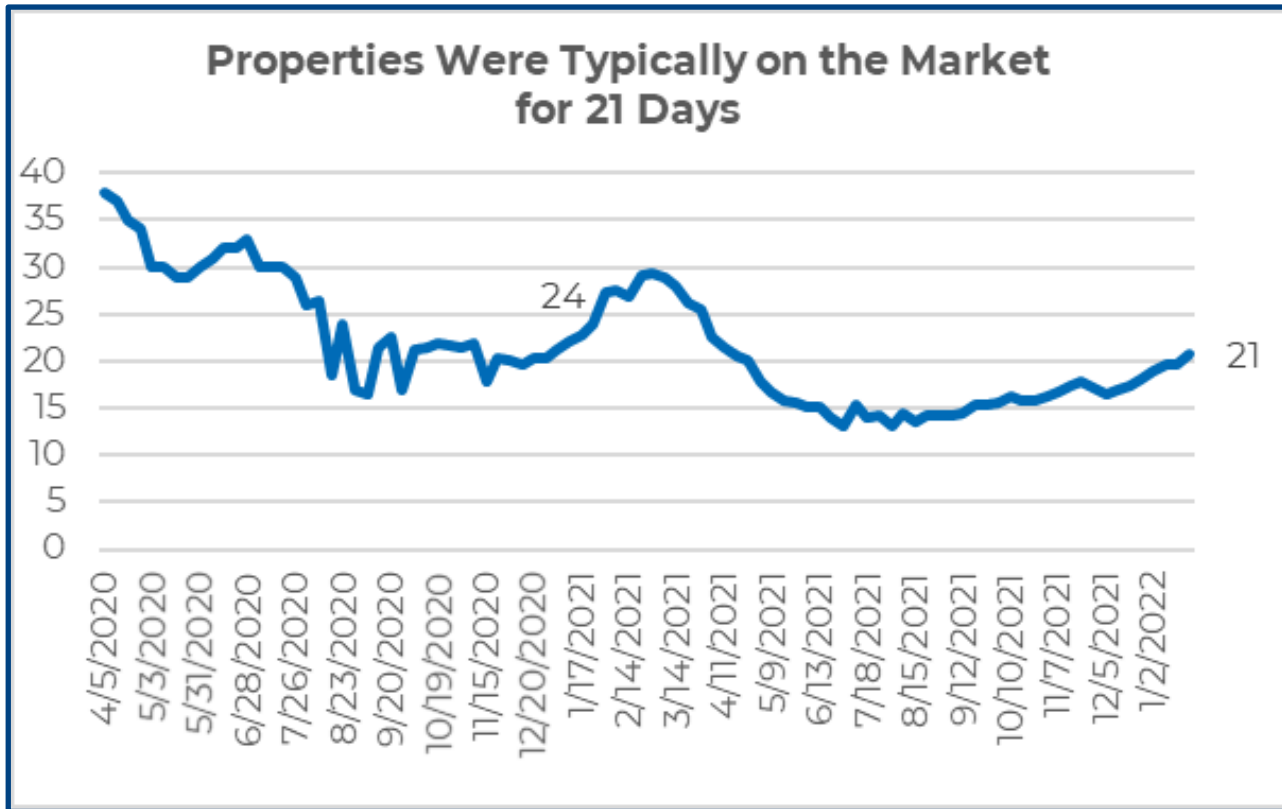
Punta Gorda, FL	37.5%
Ocala, FL	36.3%
Salt Lake City, UT	35.7%
Des Moines-West Des Moines, IA	34.7%
Pittsfield, MA	34.5%
Athens-Clarke County, GA	34.4%
Logan, UT-ID	34.3%
Abilene, TX	33.2%
Monroe, MI	32.4%
Peoria, IL	32.3%
Winchester, VA-WV	31.6%
Sioux Falls, SD	31.5%
Phoenix-Mesa-Scottsdale, AZ	31.5%
Rocky Mount, NC	31.1%
Tyler, TX	30.6%
Chattanooga, TN-GA	30.2%
Ogden-Clearfield, UT	30.0%
Cape Coral-Fort Myers, FL	29.7%
North Port-Sarasota-Bradenton, FL	29.7%
Tampa-St. Petersburg-Clearwater, FL	28.6%
Topeka, KS	28.3%
Prescott, AZ	27.5%
San Jose-Sunnyvale-Santa Clara, CA	27.3%
Lakeland-Winter Haven, FL	25.9%
Hagerstown-Martinsburg, MD-WV	25.7%

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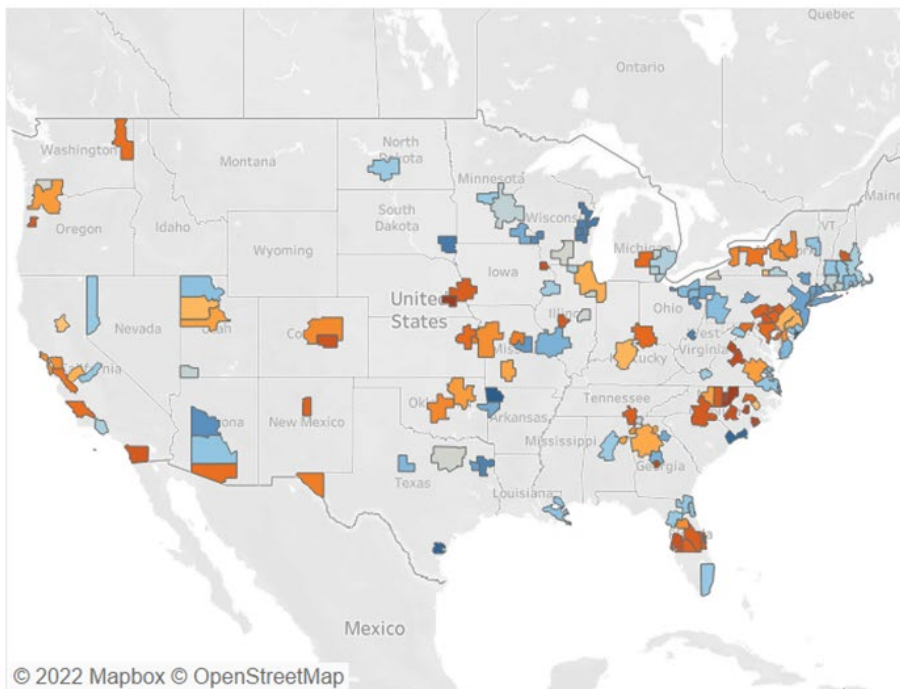
## Properties Typically Sold Faster Compared to One Year Ago

Preliminary data indicates that properties typically sold three days faster at 21 days compared to one year ago (24 days one year ago). This indicates that demand is still strong despite the uptick in mortgage rates. [Official figures](#) on the January 2021 existing-home sales will be released on February 18.

In 48% of 147 metro areas tracked by NAR, properties typically sold in 15 days or less during the four weeks ended January 23. Properties typically sold in a week in metro areas like Durham, Tampa, Colorado, Charlotte, Corvallis, and San Diego.



Half of properties in 48% of 147 metro areas sold in less than 15 days during the 4-week period ended January 23 (orange areas)



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

Median days on market

Lincoln, NE	3
Durham-Chapel Hill, NC	4
Fayetteville, NC	6
Tampa-St. Petersburg-Clearwater, FL	6
Colorado Springs, CO	7
Charlotte-Concord-Gastonia, NC-SC	7
Corvallis, OR	7
Manchester-Nashua, NH	7
San Diego-Carlsbad, CA	7
Greensboro-High Point, NC	7
Chattanooga, TN-GA	8
Omaha-Council Bluffs, NE-IA	8
Orlando-Kissimmee-Sanford, FL	8
Palm Bay-Melbourne-Titusville, FL	8
Cincinnati, OH-KY-IN	9
Baltimore-Columbia-Towson, MD	9
Topeka, KS	9
Spokane-Spokane Valley, WA	9
Tucson, AZ	9
Rochester, NY	9
San Jose-Sunnyvale-Santa Clara, CA	10



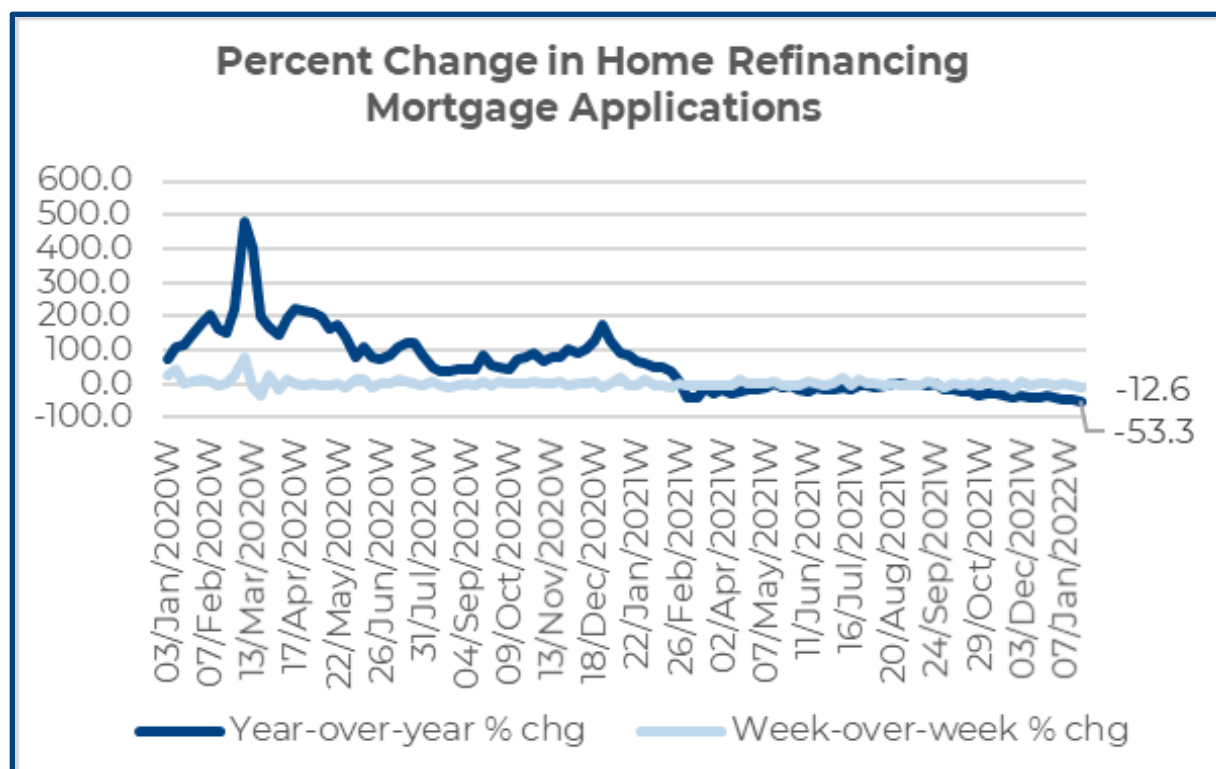
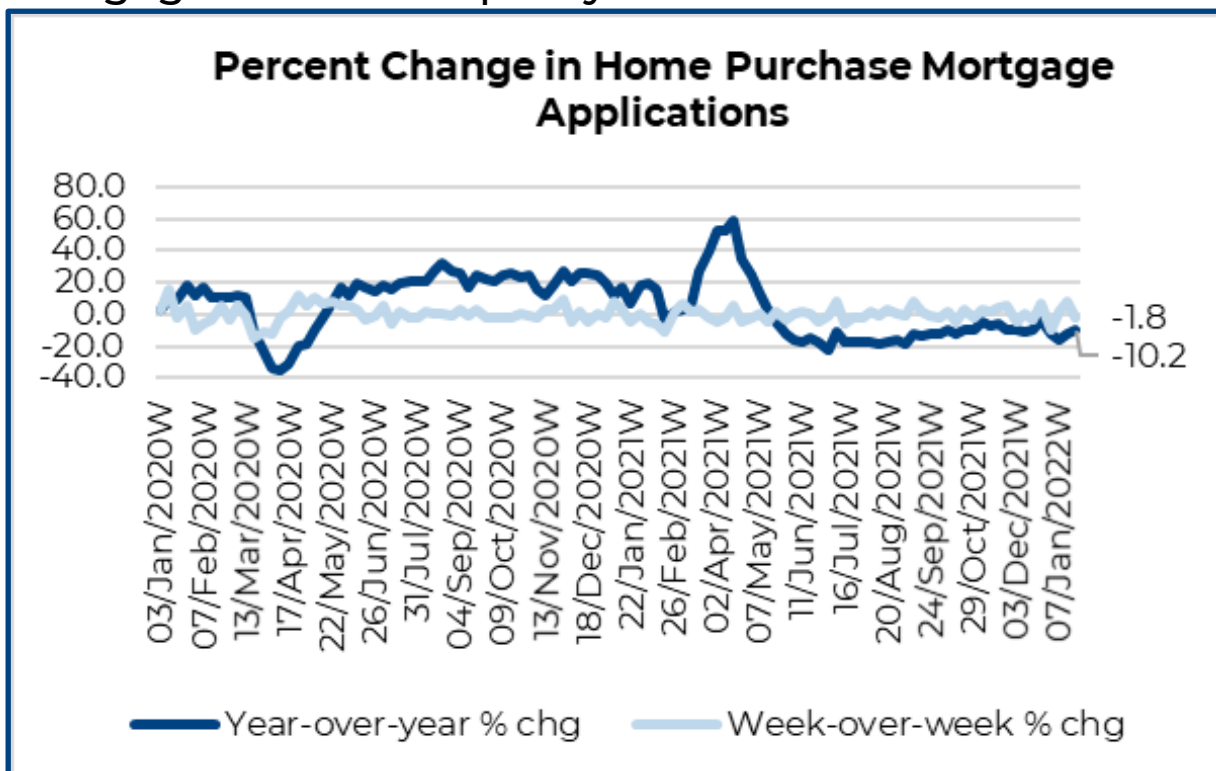
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## Mortgage Home Purchase Applications Decreased

Mortgage applications for a home purchase decreased 1.8% from the prior week and decreased 10.2% from one year ago, according to the MBA Weekly Mortgage Applications Survey. The decline in mortgage purchase applications could be due to normal volatility but could also reflect some pullback in applications with the rise in mortgage rates to 3.56%.

Conventional financing (includes Fannie Mae/Freddie Mac conforming loans) purchase applications decreased 0.7% from the prior week while government-insured financing (FHA, VA, USDA) decreased 5.5%.

Refinancing applications decreased 12.6% from the prior week and 53.3% 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.



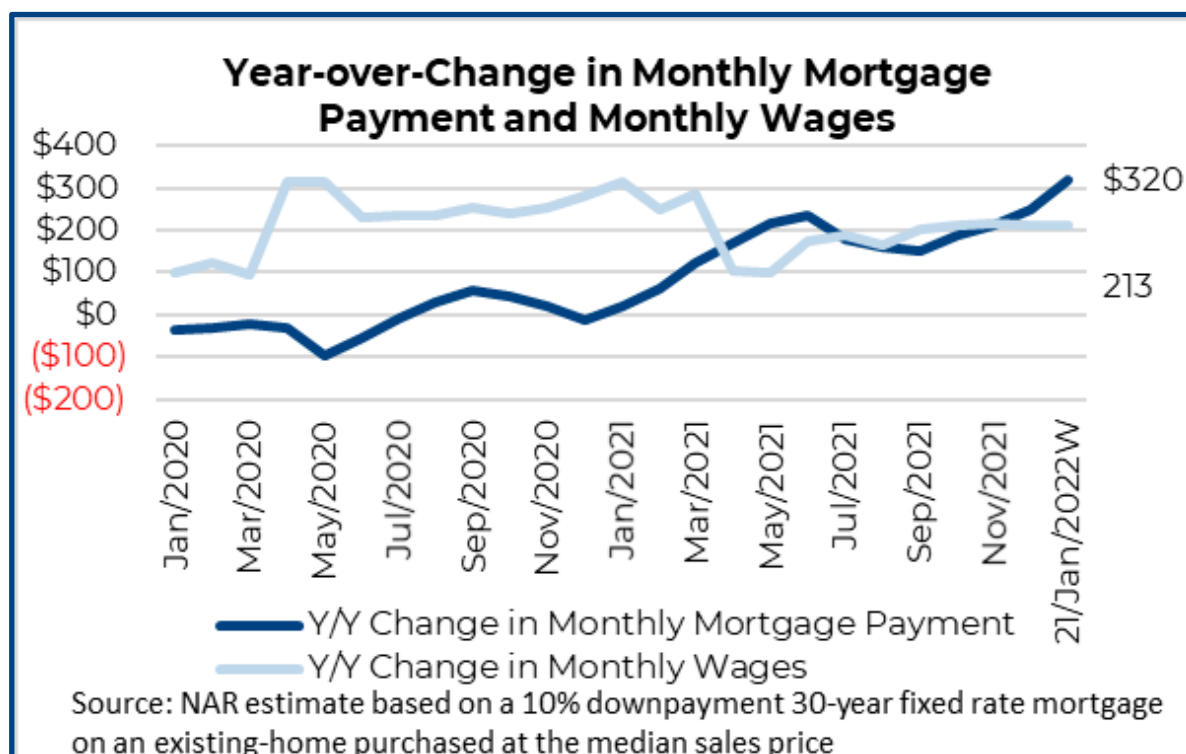
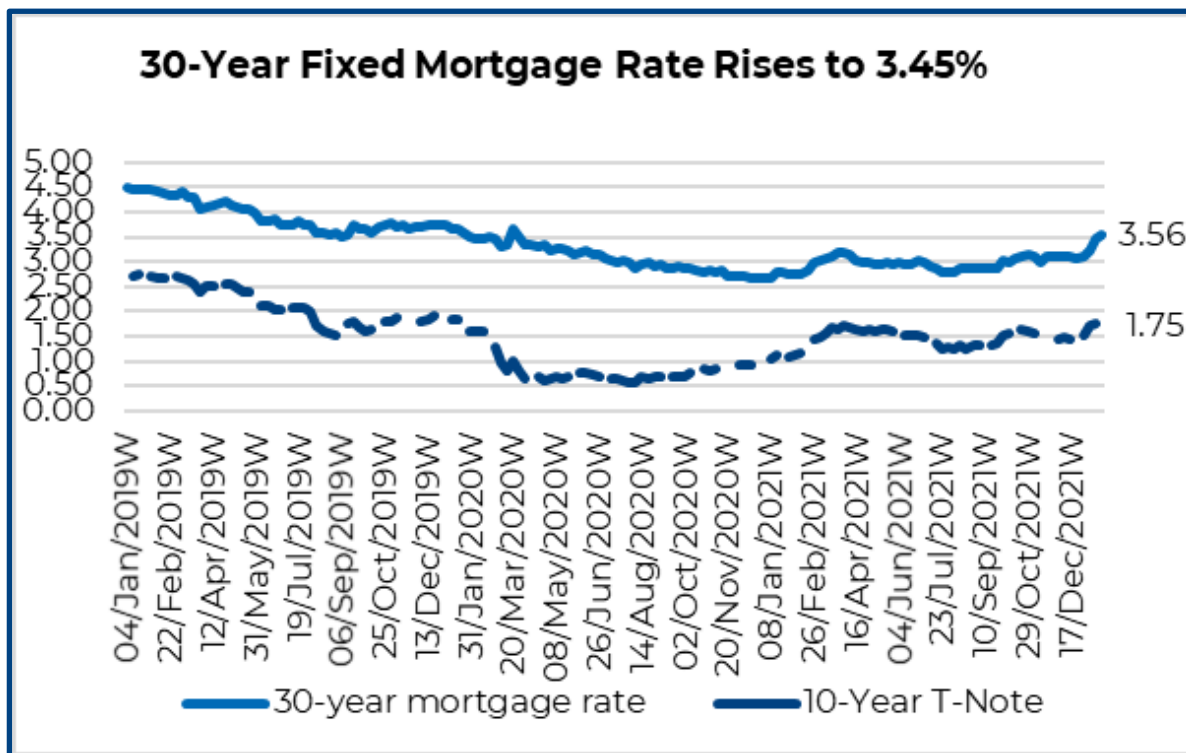
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## Typical Monthly Mortgage Up \$320 from One Year Ago as Mortgage Rate Hits 3.56%

The 30-year fixed mortgage rate sharply rose to 3.56% 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, a homeowner will typically pay \$320 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 3.9% by the end of 2022.



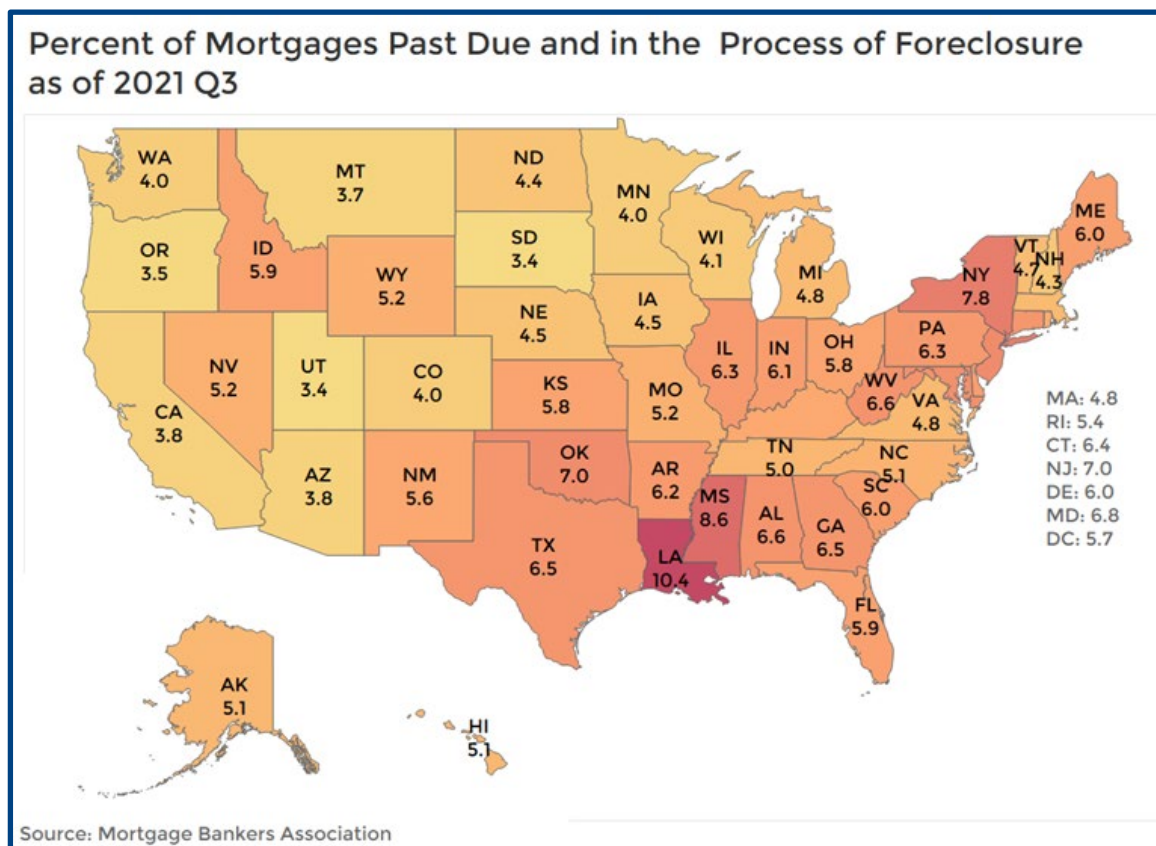
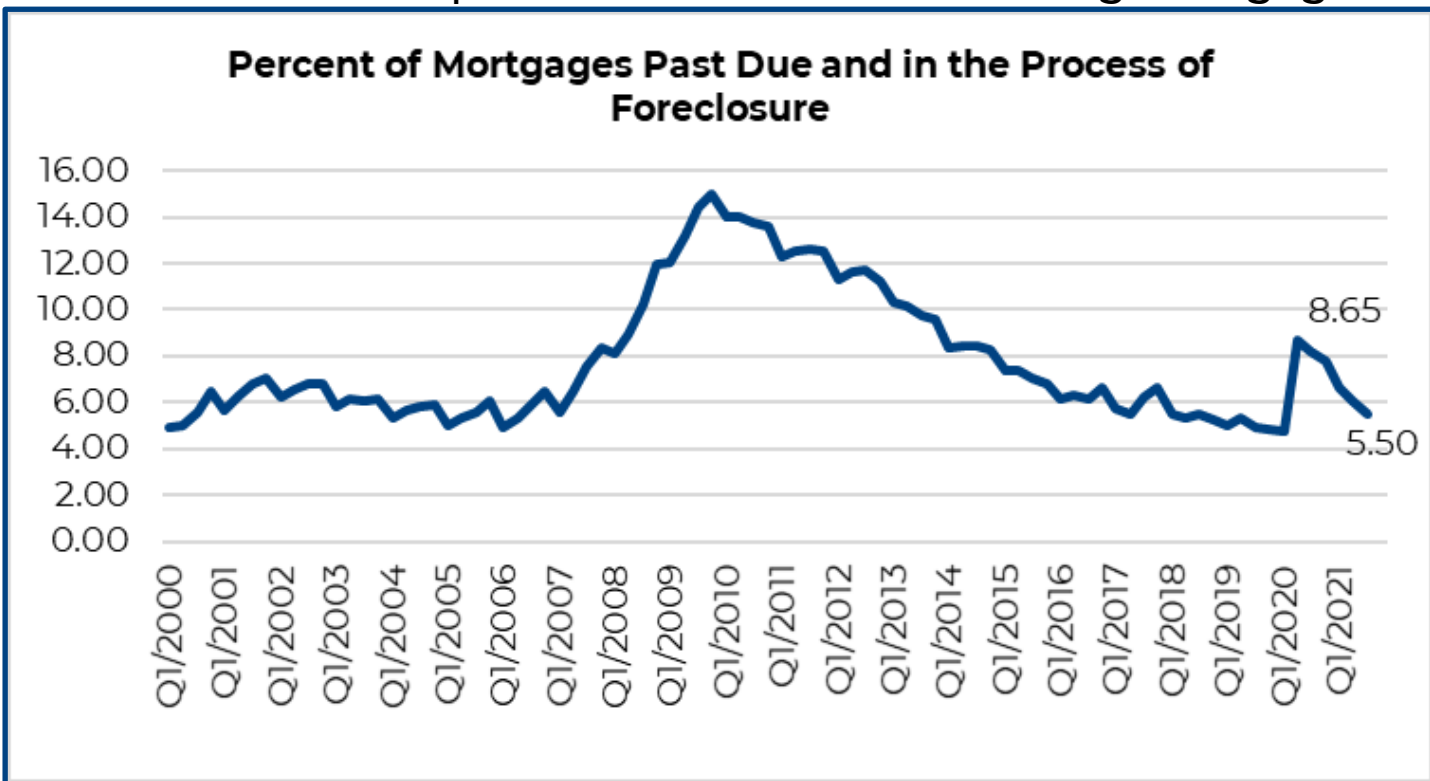
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## Mortgages Past Due and in Foreclosure Declines to 5.5%

With sustained job growth and economic recovery, the fraction of mortgages past due and in the process of foreclosure declined to 5.5% of mortgages, down from nearly 9% during 2020 Q1 when the pandemic hit, according to MBA data.

The states with the highest fraction of mortgages that are past due and in the process of foreclosure are Louisiana (10.4%), Mississippi (8.6%), New York (7.8%), New Jersey (7%), and Maryland (6.8%).

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.



Source: Mortgage Bankers Association



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## Positive Net Absorption in All Core Commercial Real Estate Sectors

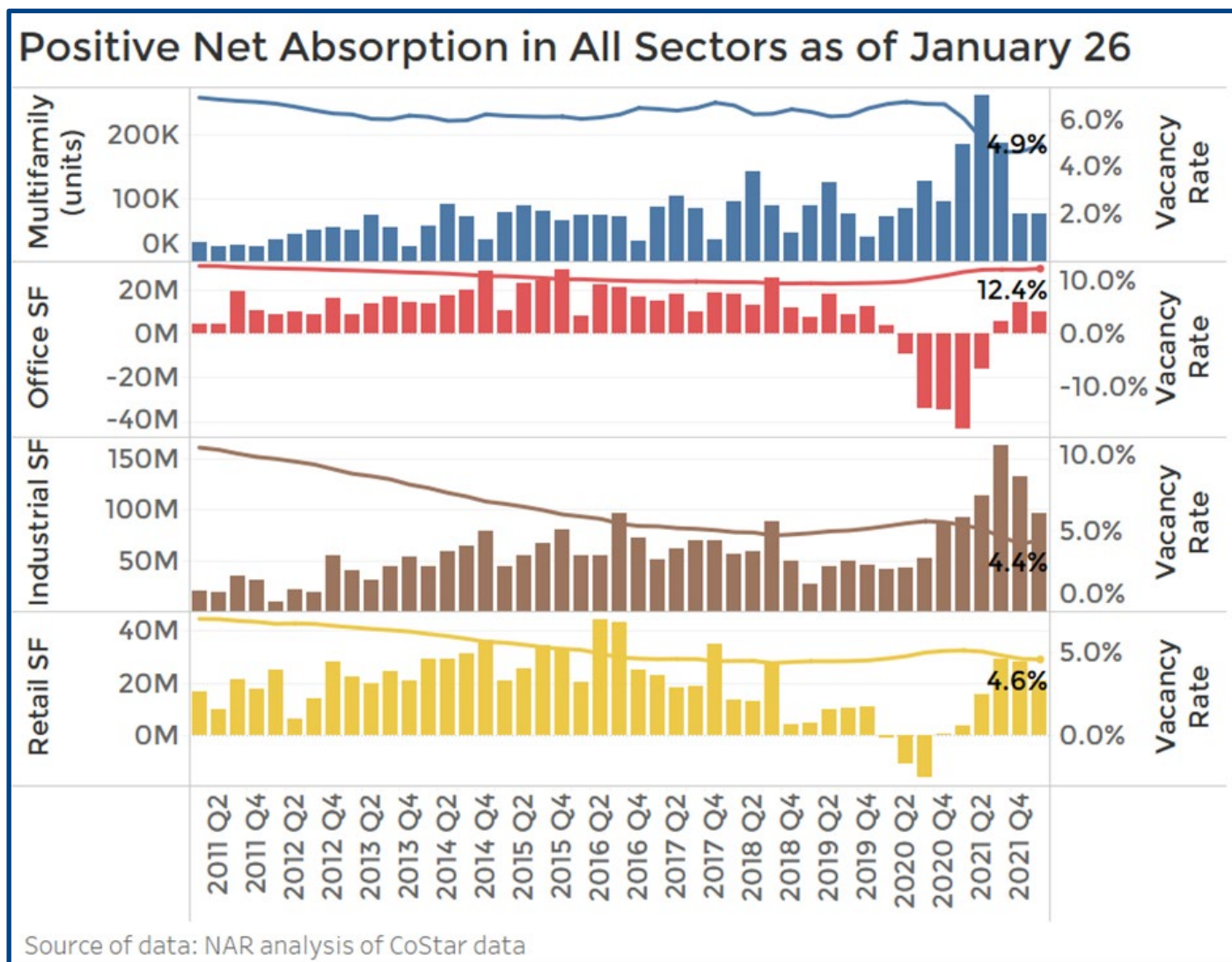
In the multifamily apartment market, 76,170 units were absorbed on a net basis in the past three months, a level that is in line with the historical norm after net absorption surged in the first three quarters. About 1 million apartment units have been absorbed from 2020 Q2 through 2021 Q4, bringing the vacancy rate down to 4.9% from 6.7% in 2020 Q1.

In the office market, 10.2 million square feet of office space was absorbed on a net basis in the past. With workers heading back to the office, occupancy has increased since 2021 Q3. However, there is still 117 million square feet of office space returned to the market since 2020 Q2 through 2021 Q4. The vacancy rate has increased to 12.4% as of 2021 Q4 from 9.7% in 2020 Q1.

In the industrial market, 96.8 million square feet of office space was absorbed in the past three months ended January 26, with 684 million square feet of space absorbed since 2020 Q2 through 2021 Q4. The industrial sector has the lowest vacancy rate among the core property markets, at 4.4%, from 5.3% in 2020 Q1.

In the retail property market, 28.5 million square feet absorbed in the past three months, with a net absorption of 50 million square feet since 2020 Q2 through 2021 Q4. The vacancy rate is at 4.6%.

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





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## Rising Rents in all Markets

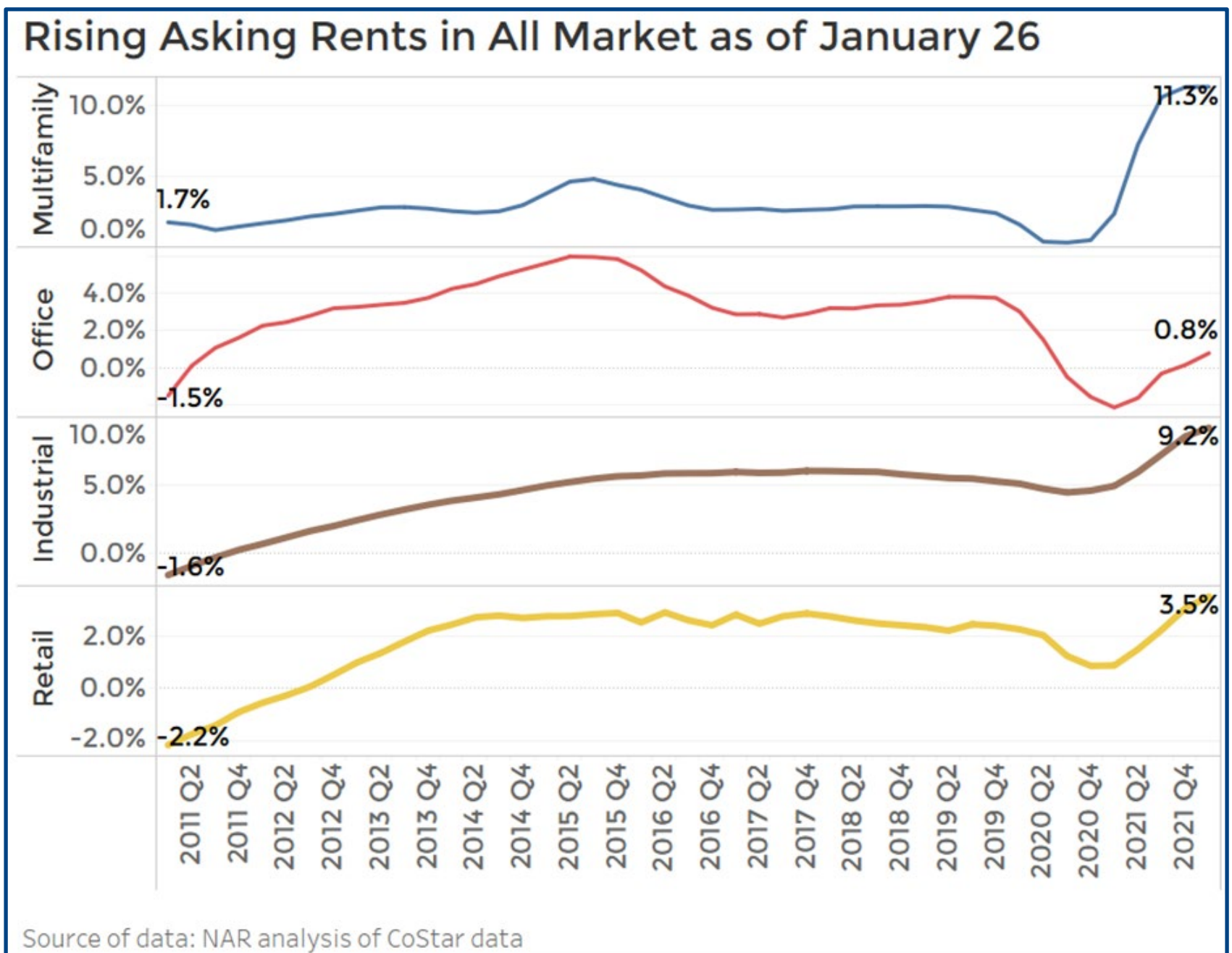
Apartment asking rents were up 11.3% year-over-year on average in the past 12 months ended January. Prior to the pandemic in 2020 Q1, apartment rents were rising by just 1.6%.

In the office market, office asking rents were up on average by 0.8% during the past 12 months ended January. Prior to the pandemic in 2020 Q1, office asking rents had been rising 3% on a year-over-year basis.

In the industrial property market, asking rents were up on average by 9.2% during the past 12 months ended January. 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, asking rents have increased on average by 3.5% in the past 12 months ended January, which is higher than the 2.2% pre-pandemic rent growth.

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



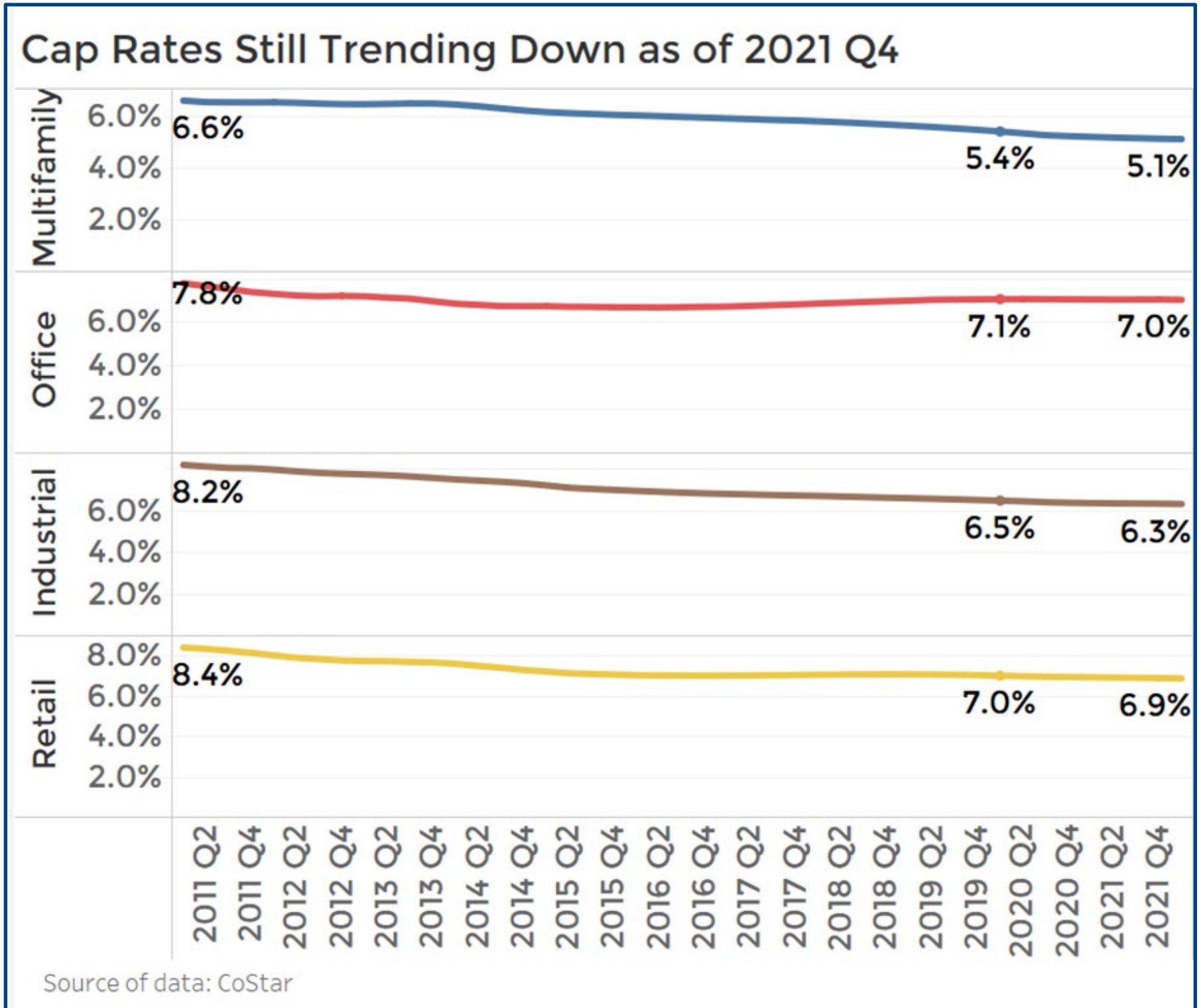
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## Commercial Cap Rates

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, 1.75% as of January 14).

The multifamily market has the lowest cap rate among the core property markets, with a cap rate of 5.1% (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 6.3% (6.5% in 2020 Q1). In the retail market, the median cap rate was 6.9% (7% in 2020 Q1).

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## Top Markets with Apartment Units Under Construction as a Percent of Inventory as of 2021 Q4

	Under Construction as Pct of Inventory	Units Under Construction	Market Asking Rent/Unit	Market Cap Rate
Port St. Lucie - FL	23.2%	2,143	\$1,666	4.9%
Myrtle Beach - SC	21.3%	3,061	\$1,357	4.8%
Huntsville - AL	16.3%	5,148	\$1,096	5.1%
Nashville - TN	12.3%	17,338	\$1,512	4.8%
Spartanburg - SC	11.3%	1,421	\$1,092	5.3%
Ogden - UT	10.3%	2,056	\$1,333	4.6%
Naples - FL	9.3%	1,112	\$2,153	4.3%
Colorado Springs - CO	9.2%	4,120	\$1,332	4.7%
Austin - TX	9.1%	22,461	\$1,593	4.5%
Miami - FL	8.8%	15,175	\$2,006	4.7%
Palm Beach - FL	8.8%	6,451	\$2,283	4.3%
Provo - UT	8.4%	1,275	\$1,422	5.1%
Salisbury - MD	8.2%	633	\$1,294	6.2%
Phoenix - AZ	8.2%	28,015	\$1,541	4.1%
Lakeland - FL	7.9%	1,800	\$1,366	5.2%
Salt Lake City - UT	7.8%	6,268	\$1,459	4.5%
Fort Myers - FL	7.7%	2,073	\$1,734	4.6%
Raleigh - NC	7.5%	8,151	\$1,439	4.5%

Source: NAR analysis of CoStar data

## Top Metros with Office Space Under Construction as a Percent of Inventory as of 2021 Q4

	Under Construction as Pct Inventory	Under Construction SF	Market Rent/SF	Market Cap Rate
Austin - TX	5.9%	7,179,553	\$42	5.9%
San Jose - CA	5.5%	7,596,338	\$62	5.0%
Seattle - WA	4.6%	10,282,322	\$38	5.6%
Boston - MA	4.5%	16,282,657	\$41	5.9%
Charlotte - NC	3.9%	4,995,919	\$30	6.7%
Salt Lake City - UT	3.7%	2,865,754	\$24	7.3%
Nashville - TN	3.6%	3,545,808	\$29	7.0%
Miami - FL	2.8%	3,132,747	\$41	6.1%
New York - NY	2.3%	22,337,992	\$57	5.4%
Washington - DC	2.1%	10,482,678	\$39	7.1%
Dallas-Fort Worth - TX	1.6%	6,596,930	\$28	7.0%
Atlanta - GA	1.5%	4,869,771	\$27	7.2%
San Francisco - CA	1.4%	2,605,291	\$62	4.6%
Los Angeles - CA	1.3%	5,724,371	\$41	5.5%
Houston - TX	1.1%	3,894,902	\$28	7.8%
Philadelphia - PA	0.9%	2,962,384	\$27	7.9%
Minneapolis - MN	0.9%	1,846,285	\$26	7.7%
Phoenix - AZ	0.9%	1,670,811	\$27	7.0%
Chicago - IL	0.8%	4,273,986	\$29	7.4%
Denver - CO	0.8%	1,429,816	\$29	7.1%

Source: NAR analysis of CoStar data

## Top Markets with Industrial Space Under Construction as a Percent of Inventory as of 2021 Q4

Geography Name	Under Construction as a Percent of Inventory (SF)	Under Construction SF	Market Rent/SF	Market Cap Rate
Savannah - GA	21.1%	18,851,132	\$6.7	6.1%
Phoenix - AZ	9.0%	34,977,300	\$9.8	5.6%
Indianapolis - IN	6.8%	24,611,704	\$6.2	7.3%
Dallas-Fort Worth - TX	6.0%	61,430,180	\$7.6	5.9%
Las Vegas - NV	5.3%	8,211,821	\$10.7	5.2%
Columbus - OH	5.1%	16,616,749	\$6.0	6.6%
Atlanta - GA	3.9%	30,168,530	\$7.2	6.1%
Nashville - TN	3.8%	9,594,043	\$9.3	6.0%
Philadelphia - PA	3.6%	21,031,300	\$8.8	6.5%
Lehigh Valley - PA	3.6%	5,337,574	\$7.1	5.9%
Inland Empire - CA	3.5%	24,286,536	\$10.8	4.3%
Kansas City - MO	3.4%	11,307,753	\$6.1	7.7%
Charlotte - NC	3.2%	10,894,794	\$7.1	6.6%
Washington - DC	3.0%	8,168,372	\$13.5	6.3%
Memphis - TN	2.5%	7,501,042	\$4.4	7.4%
Houston - TX	2.4%	17,176,222	\$8.0	6.5%
Chicago - IL	2.3%	30,138,808	\$8.1	6.7%
New York - NY	1.6%	13,508,730	\$15.8	5.2%
Detroit - MI	1.6%	9,490,880	\$7.7	8.6%
Cincinnati - OH	0.9%	3,012,933	\$5.9	7.5%

Source: NAR analysis of CoStar data

## Top Markets with Retail Space Under Construction as a Percent of Inventory as of 2021 Q4

Geography Name	Under Constn as Percent of Inventory	Under Construction SF	Market Rent/SF	Market Cap Rate
Houston - TX	1.0%	4,316,590	\$21.2	7.0%
Las Vegas - NV	0.9%	1,043,833	\$28.1	6.2%
Austin - TX	0.8%	970,924	\$27.0	6.3%
Jacksonville - FL	0.8%	818,694	\$20.3	7.0%
Dallas-Fort Worth - TX	0.7%	3,214,552	\$20.6	6.6%
Columbus - OH	0.7%	822,156	\$16.8	8.2%
Orlando - FL	0.7%	1,017,512	\$24.5	6.9%
San Antonio - TX	0.6%	917,721	\$20.2	6.5%
Atlanta - GA	0.6%	2,227,478	\$19.4	7.2%
Washington - DC	0.6%	1,564,113	\$29.4	6.3%
New York - NY	0.5%	3,025,132	\$45.2	6.0%
Denver - CO	0.4%	644,960	\$23.9	6.4%
Phoenix - AZ	0.4%	956,340	\$20.3	6.9%
Detroit - MI	0.3%	728,271	\$17.4	7.9%
Tampa - FL	0.3%	437,392	\$21.6	6.7%
Boston - MA	0.2%	575,131	\$24.2	6.4%
Chicago - IL	0.2%	1,284,358	\$19.7	7.4%
Charlotte - NC	0.2%	279,755	\$20.8	7.1%
Oklahoma City - OK	0.2%	161,897	\$15.8	7.8%
Philadelphia - PA	0.1%	472,523	\$21.4	7.1%

Source: NAR analysis of CoStar data

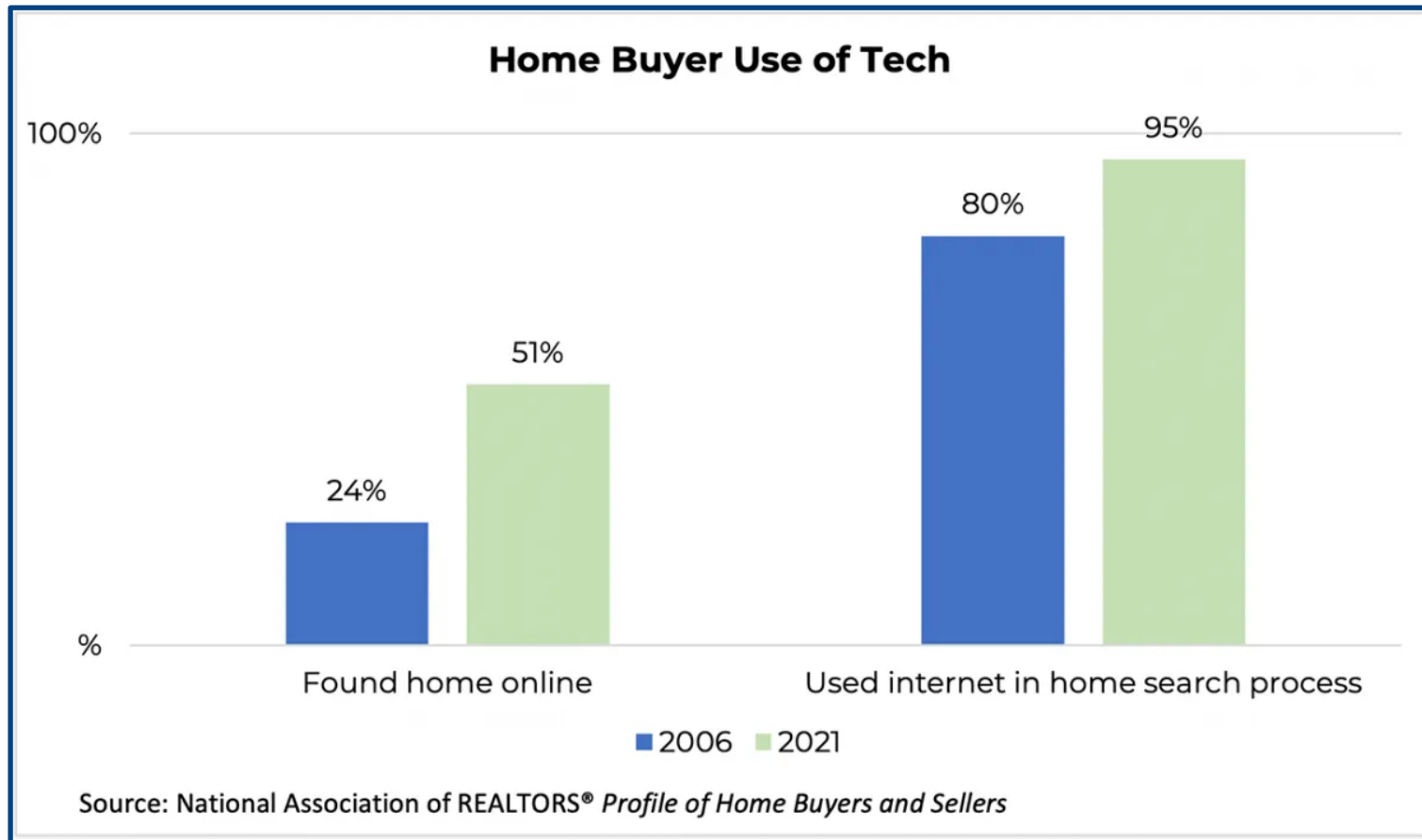


# Weekly Real Estate Monitor

## More Interesting Data

### Home Buyers Narrow Home Search With Technology

- [Read the full article here](#)



### Commercial Weekly: A Solid Ending for Retail in Q4 2021, Positioned Well for 2022

- [Read the full article here](#)

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