

2022

# Weekly Real Estate Monitor

## Residential and Commercial Markets

February 14-17

National Association of REALTORS® Research Group



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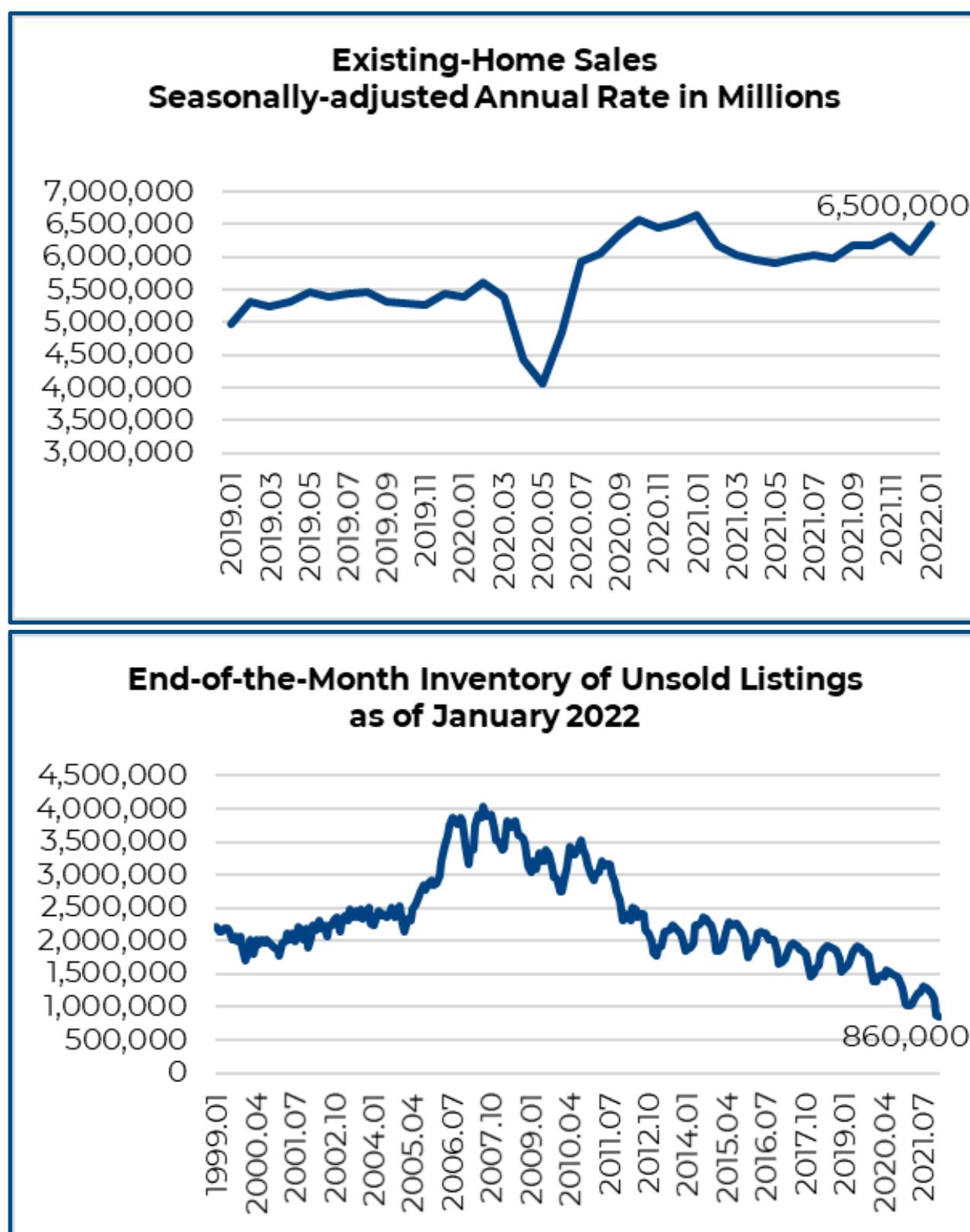
# Weekly Real Estate Monitor

## Existing-Home Sales Surge to 6.5 million in January 2022 as Inventory Fell to a Historic Low of 860,000 Homes

In January 2022, existing-home sales rose to a seasonally adjusted annual rate of 6.5 million – an increase of 6.7% from the prior month, with sales up in all regions. Homebuyers are likely trying to lock in the current low mortgage rates before rates rise further in 2023.

At the end of December, the inventory of unsold existing homes fell to a new all-time low of 860,000, which is equivalent to 1.6 months of the monthly sales pace, also an all-time low.

The median existing-home sales price rose at a stronger pace of 15.4% on a year-over-year basis, to \$350,300.



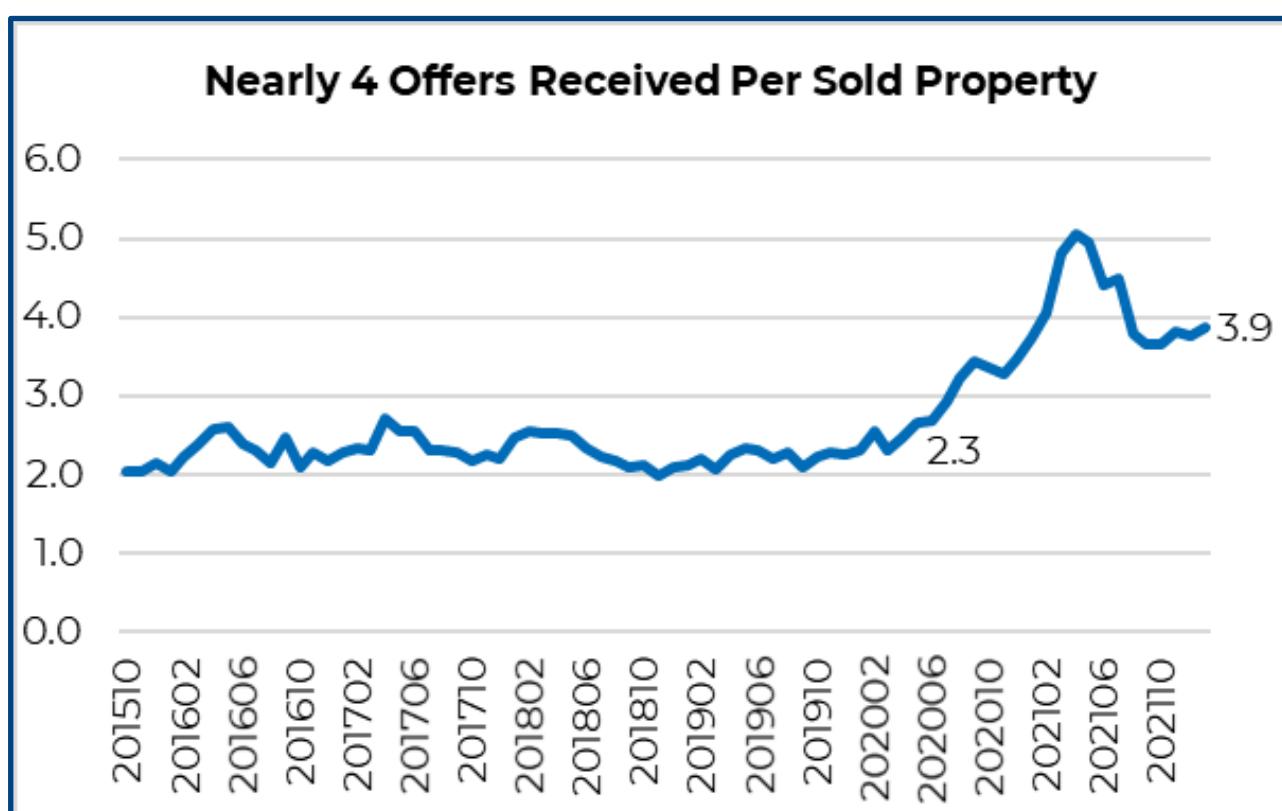
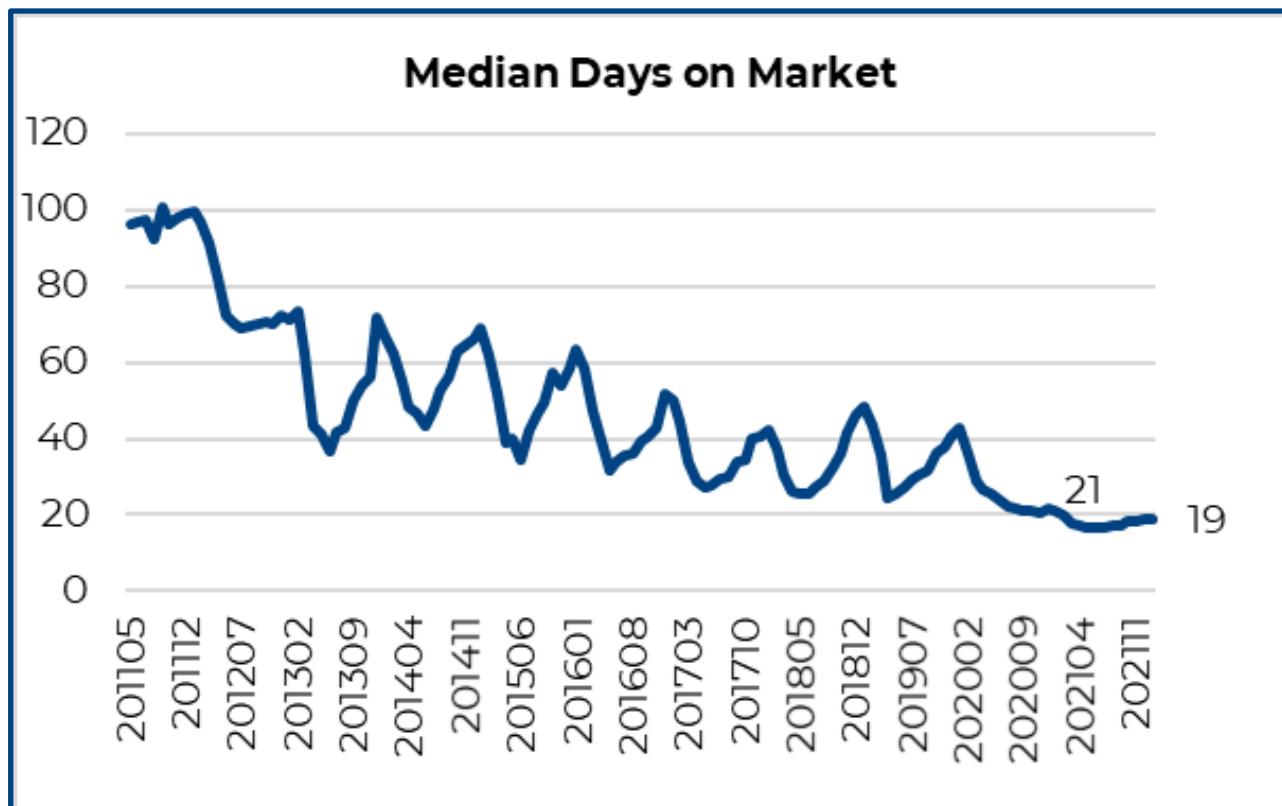
# Weekly Real Estate Monitor

## Properties Typically Sold in 19 Days in January 2022 as 79% of Properties Closed in Less than One Month

With demand outpacing the supply of new listings, properties typically sold in 19 days in February, two days faster than in the same month one year ago, according to the [REALTORS® Confidence Index survey](#). Seventy-nine of properties typically closed in less than one month.

REALTORS® reported more about four offers on average on homes that sold in January 2022.

During 2021, about 25% of homes that sold had one offer, while 75% had more than one offer.



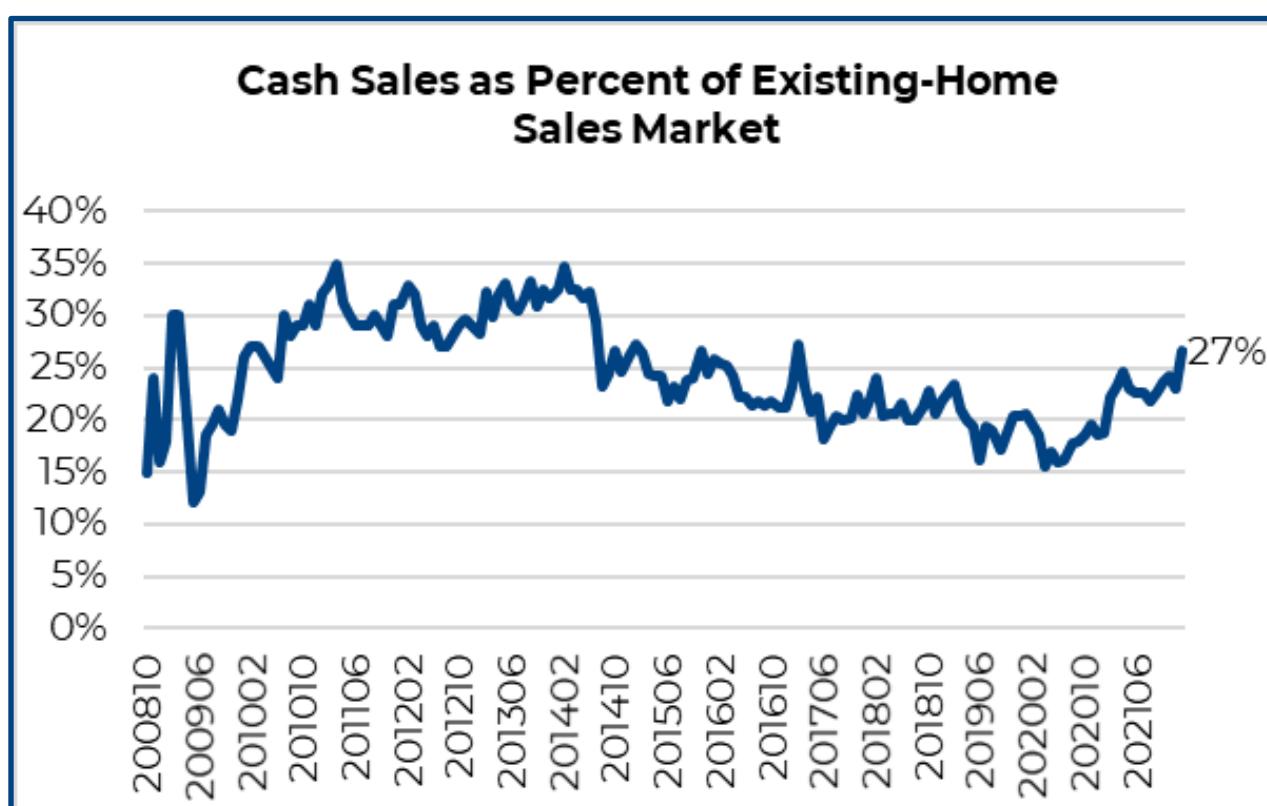
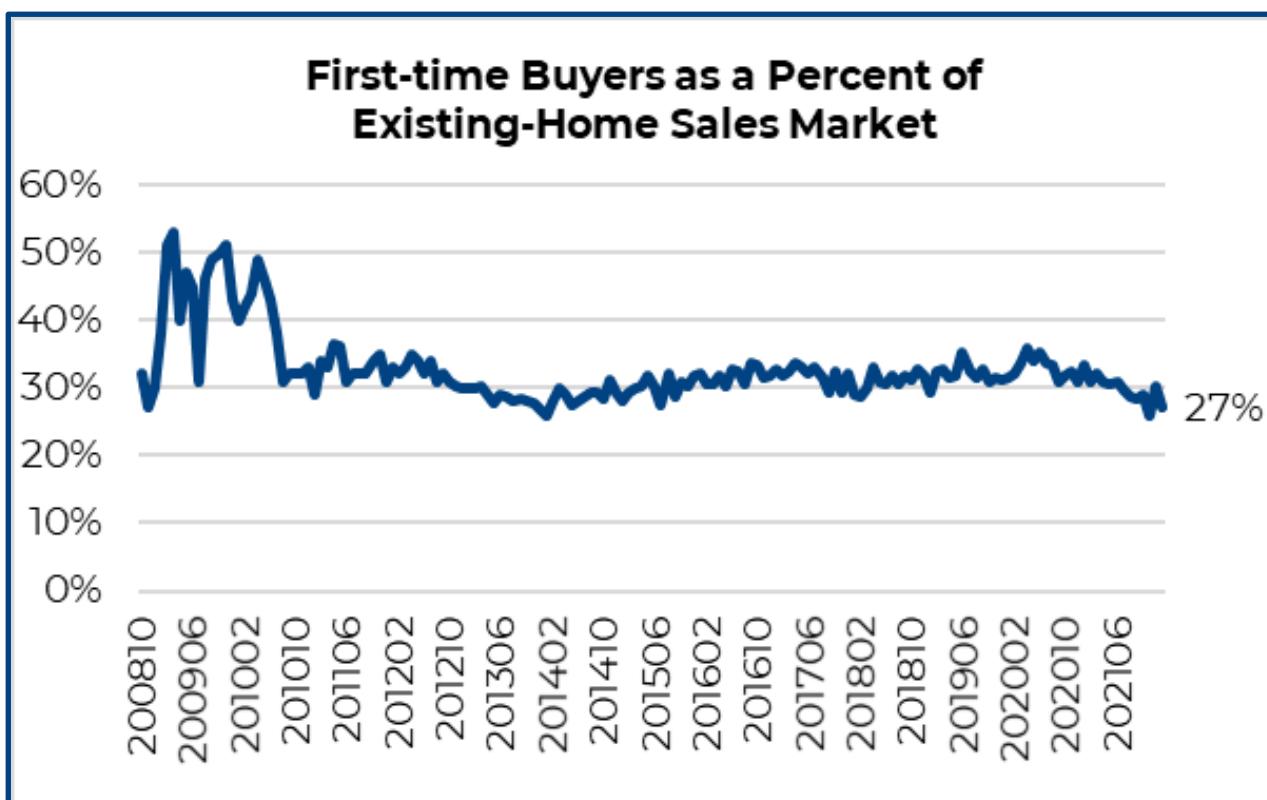
# Weekly Real Estate Monitor

## First-time Buyer Share Falls to 27% as Cash and Investor Purchases Rise

First-time buyers continue to struggle as a home purchase becomes less affordable. In January, first-time buyers accounted for a smaller share of the market, at 27%, according to the [REALTORS® Confidence Index survey](#). According to the same survey, the share of first-time buyers fell to 30% from 33% in 2020.

The share of cash buyers rose to 27% from 23% in the prior month, with an increase above more than due to sampling variation (+/-2%).

The share of investors and second home buyers rose to 22% from 17% in the prior month.



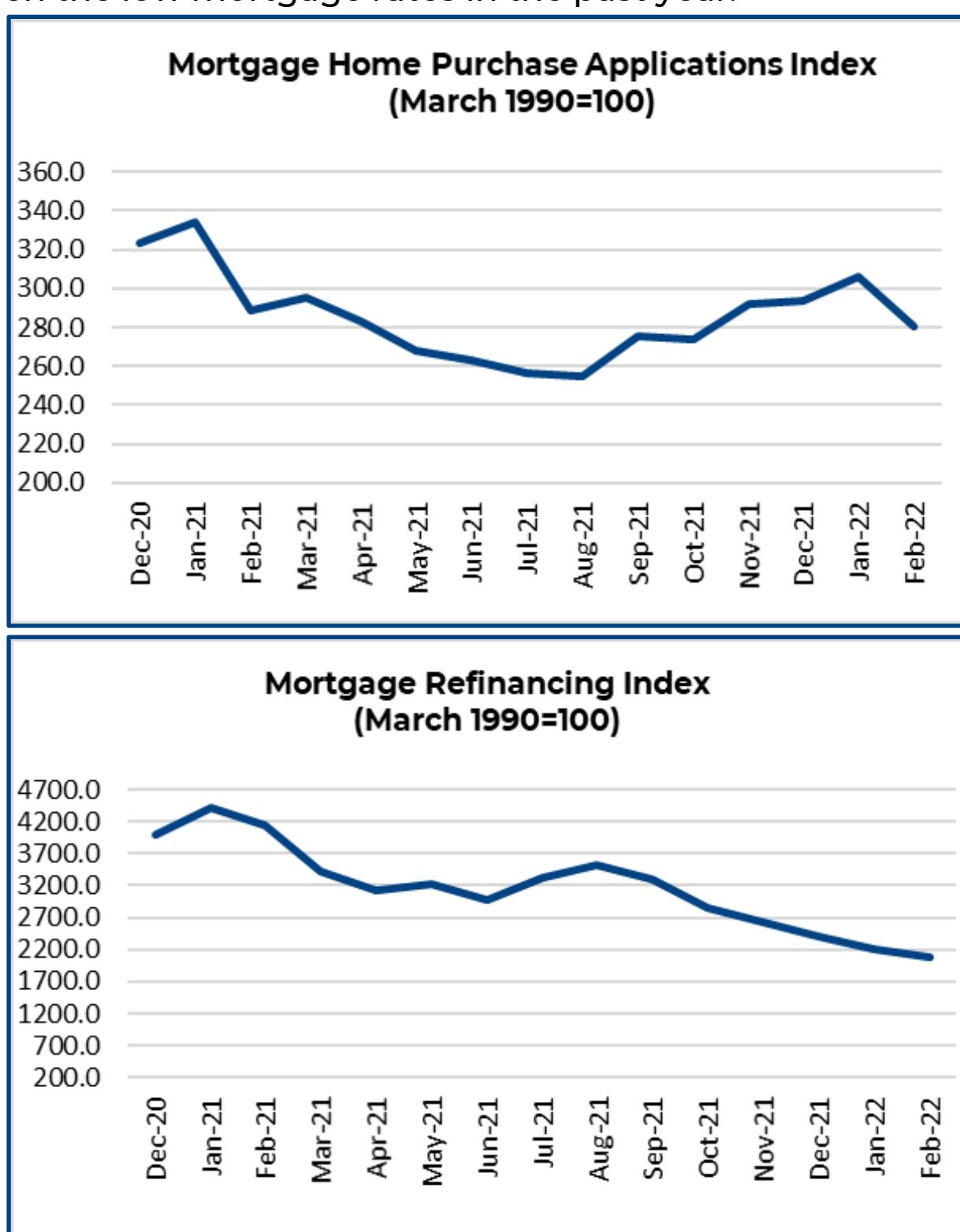
# Weekly Real Estate Monitor

## Mortgage Home Purchase Applications Decreased

With mortgage rates rising, mortgage applications for a home purchase decreased 1.2% from the prior week and 6.8% from one year ago, according to the MBA's Weekly Mortgage Applications Survey. Purchase applications appear to be on the decline after a rising during November 2021 through January 2022.

Conventional financing (includes Fannie Mae/Freddie Mac conforming loans) purchase applications decreased -0.4% from the prior week while government-insured financing (FHA, VA, USDA) decreased 3.7%.

Refinancing applications decreased 8.9% from the prior week and were down 54% from one year ago. Expect a decline in refinancing activity for the most part in 2022 due to rising mortgage rates and with most home buyers likely to have already refinanced given the low mortgage rates in the past year.



# Weekly Real Estate Monitor

## Instant Reaction: Mortgage Rates, February 17, 2022

[Read the full post here >](#)

### INSTANT REACTION

#### Mortgage Rates: February 17, 2022

“Following the upward trend of the 10-year Treasury yield, mortgage rates soared this week. Specifically, the 30-year fixed mortgage rate jumped to 3.92% from 3.69% the previous week. This is the highest rate since the end of May 2019. Rapidly rising inflation and expectations that the Fed will raise short-term interest rates as soon as next month are pushing up mortgage rates.

However, these higher rates haven’t impacted the housing market yet. On the contrary, buyers are rushing to lock in lower rates as the outlook is for even higher mortgage rates in the following months. According to the Mortgage Bankers Association, mortgage applications increased by 4.3% during January despite rising mortgage rates. This implies that people were rushing to benefit from low mortgage rates before rates will rise even further. NAR will release the Existing-Home Sales estimates for January tomorrow morning. Typically, homebuying activity slows down in the first month of the year. Thus, if the data shows that activity was higher in January compared to December, this will be another indicator that rising rates are making people rush to benefit from current rates.

Meanwhile, even with this increase in rates, purchasing a home is a great investment. In addition to the other benefits of homeownership, the equity that homebuyers will build in 2022 due to price appreciation will be higher than their mortgage payment. For example, if they buy a home today with a value of \$350,000, the mortgage payment is about \$1,485 every month. Nevertheless, assuming home prices will rise by 6% in 2022, they can accumulate about \$1,750 on average every month in equity due to price appreciation.”

**Nadia Evangelou**

Senior Economist, Director of Forecasting, NAR Research



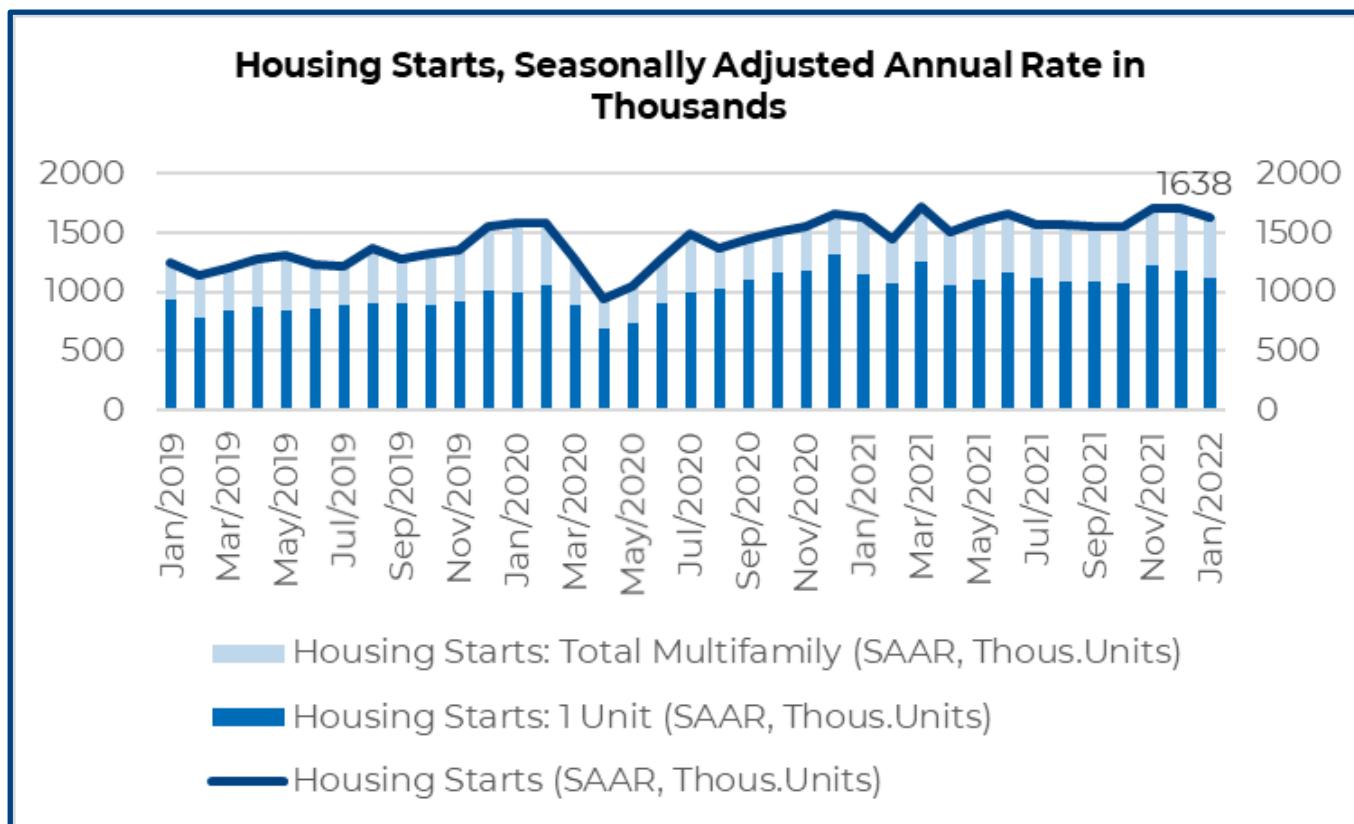
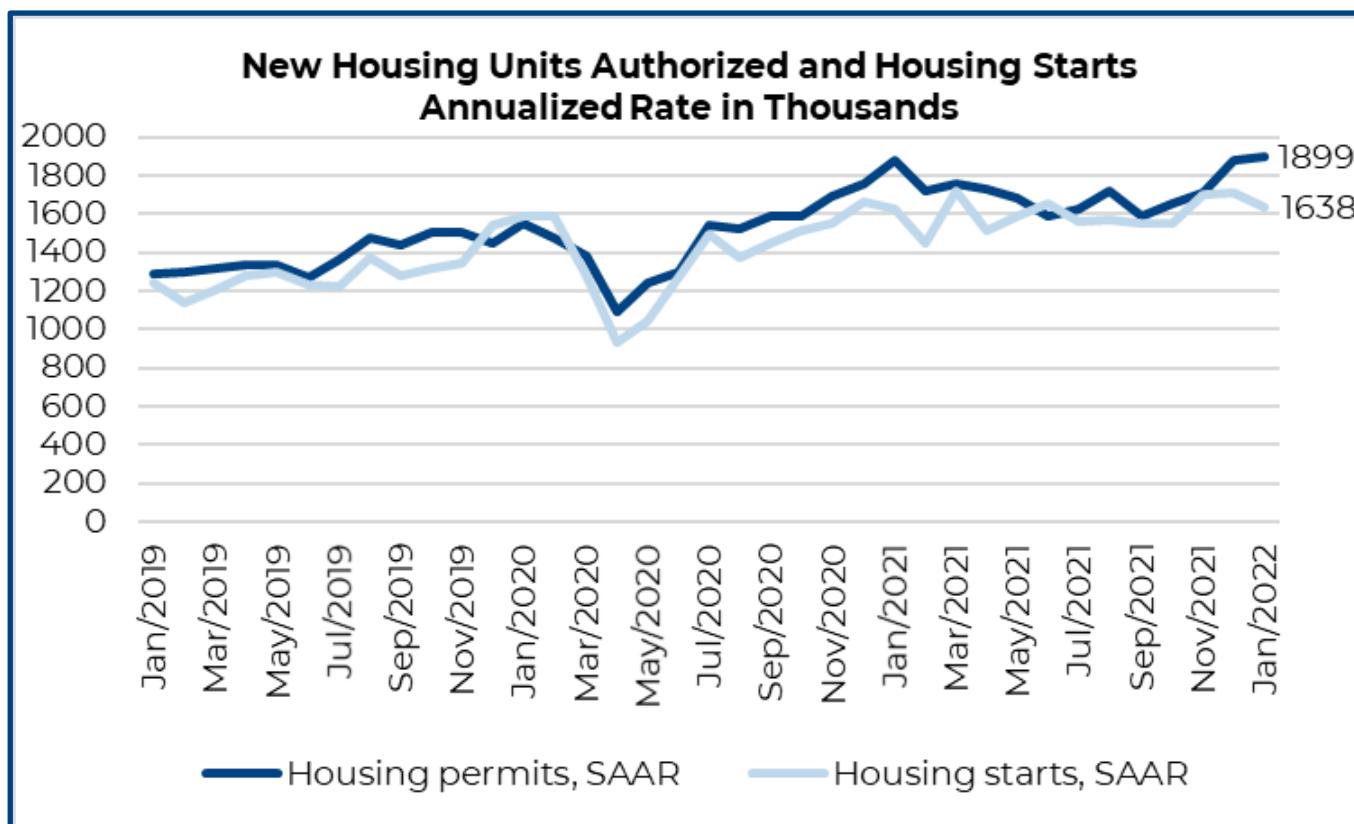
# Weekly Real Estate Monitor

## Housing Units Authorized Increase to 1.9 Million

New private housing units authorized increased to a seasonally adjusted annual rate of nearly 1.9 million in January 2022, from 1.885 million in December.

However, housing starts decreased to an annualized rate of 1.64 million in January 2022 from 1.7 million in December.

The uptick in housing permits means builders are bullish about the housing market but builders are facing challenges due to the pandemic's effects on supply of construction workers and supply of raw materials, especially lumber and appliances.



# Weekly Real Estate Monitor

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

All core commercial markets continue to experience net increases in occupancy.

In the multifamily apartment market, 62,454 units were absorbed on a net basis in the past three months. About 1 million apartment units have been absorbed since 2020 Q2, bringing the vacancy rate down to 5% from 6.7% in 2020 Q1.

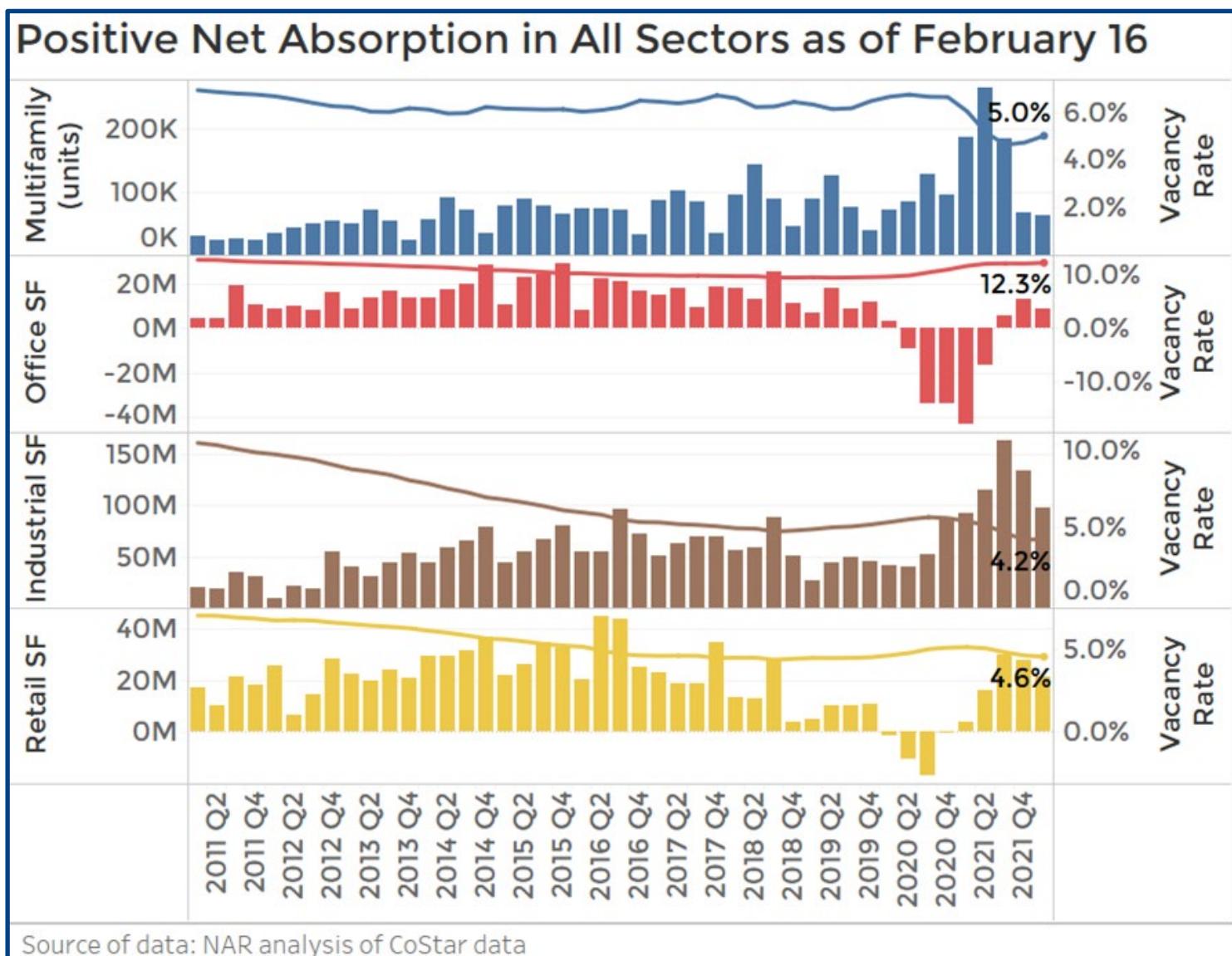
In the office market, 8.7 million square feet of office space was absorbed on a net basis in the past three months as workers continue to head back to the office.

However, there is still 109 million square feet of office space returned to the market since 2020 Q2, pushing up the vacancy rate to 12.3% from 9.7% in 2020 Q1.

In the industrial market, 97.8 million square feet was absorbed on a net basis in the past three months, with 783 million square feet 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, 21.3 million square feet absorbed in the past three months, with a net absorption of 71.6 million square feet since 2020 Q4. The vacancy rate is at 4.5%, down from 4.7% in 2020 Q1.

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



# Weekly Real Estate Monitor

## Rising Asking Rents in all Markets

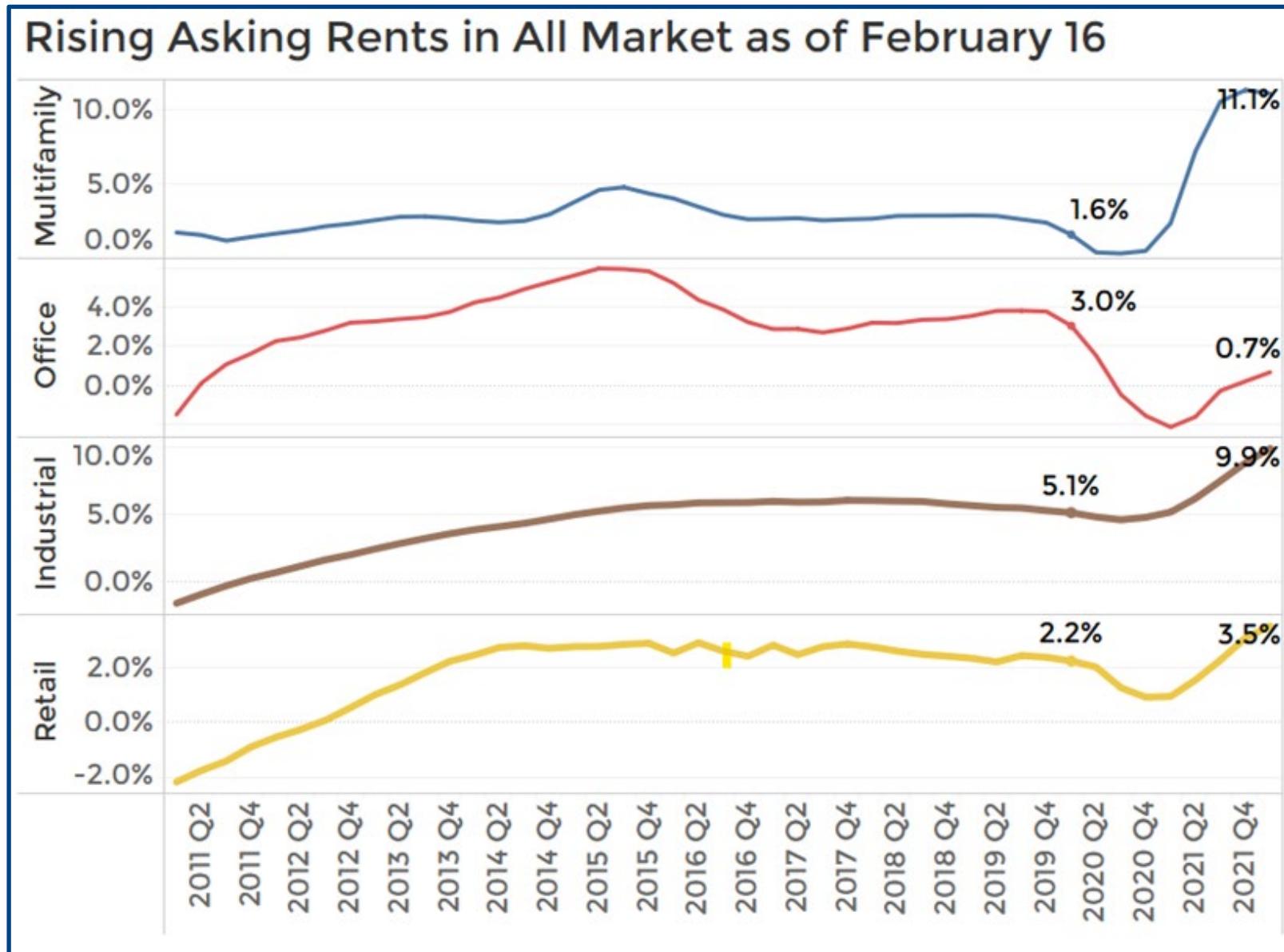
Apartment asking rents were up 11.1% year-over-year on average in the past 12 months. Prior to the pandemic in 2020 Q1, apartment rents were rising by just 1.6%. Rising home prices and net household formation are driving up rental demand.

In the office market, office asking rents were up on average by 0.7% during the past 12 months. Prior to the pandemic in 2020 Q1, office asking rents had been rising 3% on a year-over-year basis. Office demand is improving with workers heading back to the office, most of it for Class A office space.

In the industrial property market, asking rents were up on average by 9.9% during the past 12 months. Prior to the pandemic, rents were rising by 5.1%. Demand for logistics space (warehouse, distribution) fueling growth in this market.

In the retail property market, asking rents have increased on average by 3.5% in the past 12 months, which is higher than the 2.2% pre-pandemic rent growth. Neighborhood shopping centers are driving much of the demand in this sector.

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



# Weekly Real Estate Monitor

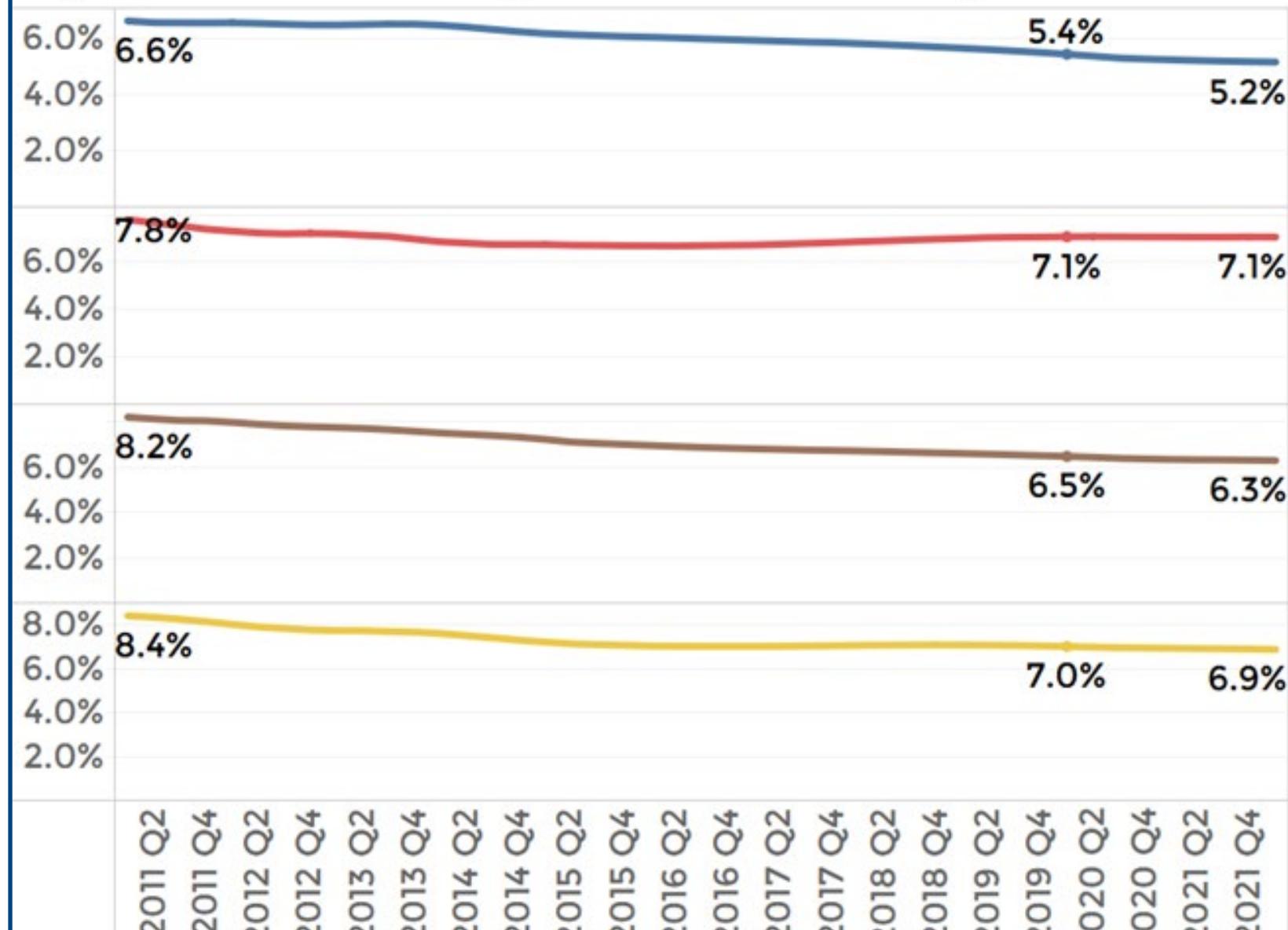
## Commercial Cap Rates

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 to 2%.

The multifamily market has the lowest cap rate among the core property markets, with a cap rate of 5.2% (5.4% in 2020 Q1). On average, sales prices are rising 10.9% year-over-year. In the office market, the median cap rate was 7.1% (7.1% in 2020 Q1). Prices are rising 3.1% year-over-year. In the industrial market, the median cap rate fell to 6.3% (6.5% in 2020 Q1). Prices are rising 15% year-over-year. In the retail market, the median cap rate was 6.9% (7% in 2020 Q1). Prices are rising 5% year-over-year.

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

### Cap Rates Still Trending Down as of February 16



Source of data: CoStar

## Top 20 Multifamily Real Estate Markets by Net Absorption as of 2022 Q1 (three months through February 16)

Geography Name	12-Month Absorption in Units	Vacancy Rate	Market Asking Rent/Unit	Y/Y Market Asking Rent Growth	Market Cap Rate
Dallas-Fort Worth - TX	40,349	6.1%	\$1,461	15.3%	4.8%
Houston - TX	34,487	7.4%	\$1,263	9.8%	5.4%
New York - NY	33,782	2.5%	\$2,887	5.6%	4.3%
Los Angeles - CA	31,264	3.6%	\$2,131	7.8%	4.0%
Washington - DC	20,533	6.6%	\$2,001	9.7%	4.7%
Austin - TX	17,291	7.8%	\$1,647	18.8%	4.4%
Chicago - IL	16,838	5.6%	\$1,575	8.0%	5.8%
Boston - MA	14,311	4.3%	\$2,573	10.5%	4.3%
Orlando - FL	14,066	5.6%	\$1,718	24.2%	4.4%
Seattle - WA	14,065	5.4%	\$1,925	10.7%	4.0%
Atlanta - GA	12,034	6.2%	\$1,603	16.4%	4.7%
Charlotte - NC	11,054	7.3%	\$1,499	16.0%	4.5%
Minneapolis - MN	10,787	6.2%	\$1,384	3.8%	5.4%
Philadelphia - PA	10,745	3.8%	\$1,574	9.0%	5.3%
Denver - CO	10,653	6.7%	\$1,748	13.2%	4.3%
Miami - FL	10,222	3.6%	\$2,093	18.6%	4.6%
San Antonio - TX	9,672	6.0%	\$1,205	12.9%	5.3%
Nashville - TN	9,437	6.8%	\$1,574	18.1%	4.8%
Phoenix - AZ	8,332	6.4%	\$1,579	19.1%	4.1%
Portland - OR	7,788	5.3%	\$1,549	9.1%	4.5%

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

## Top Office Real Estate Markets by Net Absorption as of 2022 Q1 (three months through February 16)

CBSA Code	Geography Name	12-Month Absorption in Sq.Ft	Vacancy Rate	Market Rent/SF	Market Rent Growth 12 Mo	Market Cap Rate
14460	Boston - MA	3,691,158	9.8%	\$41	1.5%	5.9%
19100	Dallas-Fort Worth - TX	3,634,920	17.8%	\$28	1.3%	7.1%
12420	Austin - TX	3,380,301	14.1%	\$42	2.2%	6.0%
12060	Atlanta - GA	2,941,846	13.9%	\$27	1.2%	7.3%
41940	San Jose - CA	2,725,022	12.7%	\$62	1.6%	5.1%
29820	Las Vegas - NV	1,908,931	10.2%	\$25	4.4%	7.5%
34980	Nashville - TN	1,585,190	10.5%	\$29	1.5%	7.2%
40900	Sacramento - CA	1,443,967	10.1%	\$27	1.7%	7.3%
41620	Salt Lake City - UT	1,294,043	9.9%	\$24	3.0%	7.4%
41700	San Antonio - TX	1,121,531	9.7%	\$27	1.3%	8.7%
39340	Provo - UT	1,110,056	8.8%	\$22	2.2%	8.4%
39580	Raleigh - NC	1,020,795	8.3%	\$28	2.7%	7.1%
36740	Orlando - FL	971,216	8.0%	\$26	3.1%	7.6%
40140	Inland Empire - CA	740,902	6.5%	\$24	2.7%	7.4%
16740	Charlotte - NC	569,590	12.2%	\$30	1.6%	6.7%
42660	Seattle - WA	210,020	10.2%	\$39	1.8%	5.6%
45300	Tampa - FL	148,489	9.2%	\$25	2.4%	7.8%

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



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**Top 20 Industrial Real Estate Markets by Net Absorption**  
as of 2022 Q1 (three months through February 16)

CBSA Code	Geography Name	12-Month Net Absorption in Sq. Ft.	Vacancy Rate	Market Rent/SF	Market Rent Growth 12 Mo	Market Cap Rate
19100	Dallas-Fort Worth - TX	43,401,600	5.4%	\$7.9	11.8%	5.8%
16980	Chicago - IL	36,198,884	5.0%	\$8.3	8.8%	6.8%
26420	Houston - TX	32,617,900	6.6%	\$8.1	5.9%	6.5%
40140	Inland Empire - CA	30,657,016	2.2%	\$11.0	12.0%	4.3%
12060	Atlanta - GA	27,827,688	3.8%	\$7.5	13.0%	6.1%
38060	Phoenix - AZ	24,027,744	6.6%	\$10.2	13.0%	5.8%
26900	Indianapolis - IN	20,013,820	4.5%	\$6.5	9.2%	7.4%
37980	Philadelphia - PA	15,803,278	4.8%	\$9.0	13.0%	6.5%
18140	Columbus - OH	15,258,320	3.1%	\$6.2	13.5%	6.7%
35614	New York - NY	12,433,775	3.6%	\$16.3	8.8%	5.2%
32820	Memphis - TN	10,538,627	5.9%	\$4.5	10.6%	7.5%
42340	Savannah - GA	10,490,365	4.6%	\$6.9	13.5%	6.1%
29820	Las Vegas - NV	9,783,059	2.8%	\$11.1	12.3%	5.2%
10900	Lehigh Valley - PA	9,345,985	4.6%	\$7.3	10.1%	5.9%
28140	Kansas City - MO	9,162,772	4.7%	\$6.2	8.4%	7.6%
19820	Detroit - MI	8,232,218	4.4%	\$8.0	10.6%	8.6%
47900	Washington - DC	8,207,420	4.4%	\$13.9	10.1%	6.2%
16740	Charlotte - NC	7,827,952	5.6%	\$7.2	10.4%	6.5%
34980	Nashville - TN	7,048,461	4.2%	\$9.7	15.1%	6.0%
17140	Cincinnati - OH	6,539,544	4.2%	\$6.0	10.9%	7.4%

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 2022 Q1 (three months through February 16)

CBSA Code	Geography Name	12-Month Net Absorption in Sq. Ft.	Vacancy Rate	Market Rent/SF	Market Rent Growth 12 Mo	Market Cap Rate
26420	Houston - TX	6,218,576	5.5%	\$21.5	4.0%	6.9%
19100	Dallas-Fort Worth - TX	6,178,583	5.3%	\$21.0	4.9%	6.5%
12060	Atlanta - GA	4,984,164	4.3%	\$19.7	7.0%	7.0%
16980	Chicago - IL	3,730,419	5.8%	\$20.0	3.1%	7.3%
35614	New York - NY	3,727,274	4.0%	\$45.0	1.8%	6.0%
38060	Phoenix - AZ	3,115,147	6.4%	\$20.8	5.4%	6.8%
41700	San Antonio - TX	2,177,268	4.2%	\$20.3	3.6%	6.4%
45300	Tampa - FL	2,052,319	3.6%	\$21.7	6.7%	6.6%
19820	Detroit - MI	2,035,187	5.1%	\$17.7	5.6%	7.8%
37980	Philadelphia - PA	1,988,107	4.7%	\$21.4	2.0%	7.1%
36740	Orlando - FL	1,876,318	3.9%	\$25.0	6.5%	6.8%
12420	Austin - TX	1,839,901	3.5%	\$27.5	5.2%	6.2%
27260	Jacksonville - FL	1,786,197	4.0%	\$21.1	10.4%	6.9%
29820	Las Vegas - NV	1,602,730	5.7%	\$29.0	10.9%	6.1%
14460	Boston - MA	1,456,073	2.8%	\$24.6	2.0%	6.3%
19740	Denver - CO	1,363,405	4.6%	\$24.1	2.9%	6.3%
16740	Charlotte - NC	1,298,303	3.9%	\$21.3	5.9%	7.0%
36420	Oklahoma City - OK	1,007,316	5.0%	\$16.0	4.7%	7.8%
47900	Washington - DC	943,688	5.2%	\$30.0	2.6%	6.2%
18140	Columbus - OH	474,852	3.9%	\$17.1	3.0%	7.9%

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



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# Weekly Real Estate Monitor

## More Interesting Data

### Commercial Real Estate International Business Trends

[Read the full report here](#)

The 2022 Commercial Real Estate International Business Trends Report discusses the trends in foreign buyer purchases of U.S. commercial real estate in 2021 in the “small commercial real estate market” (sales of below \$2.5 million) and in the “large commercial real estate market” (sales of \$2.5 million or over).



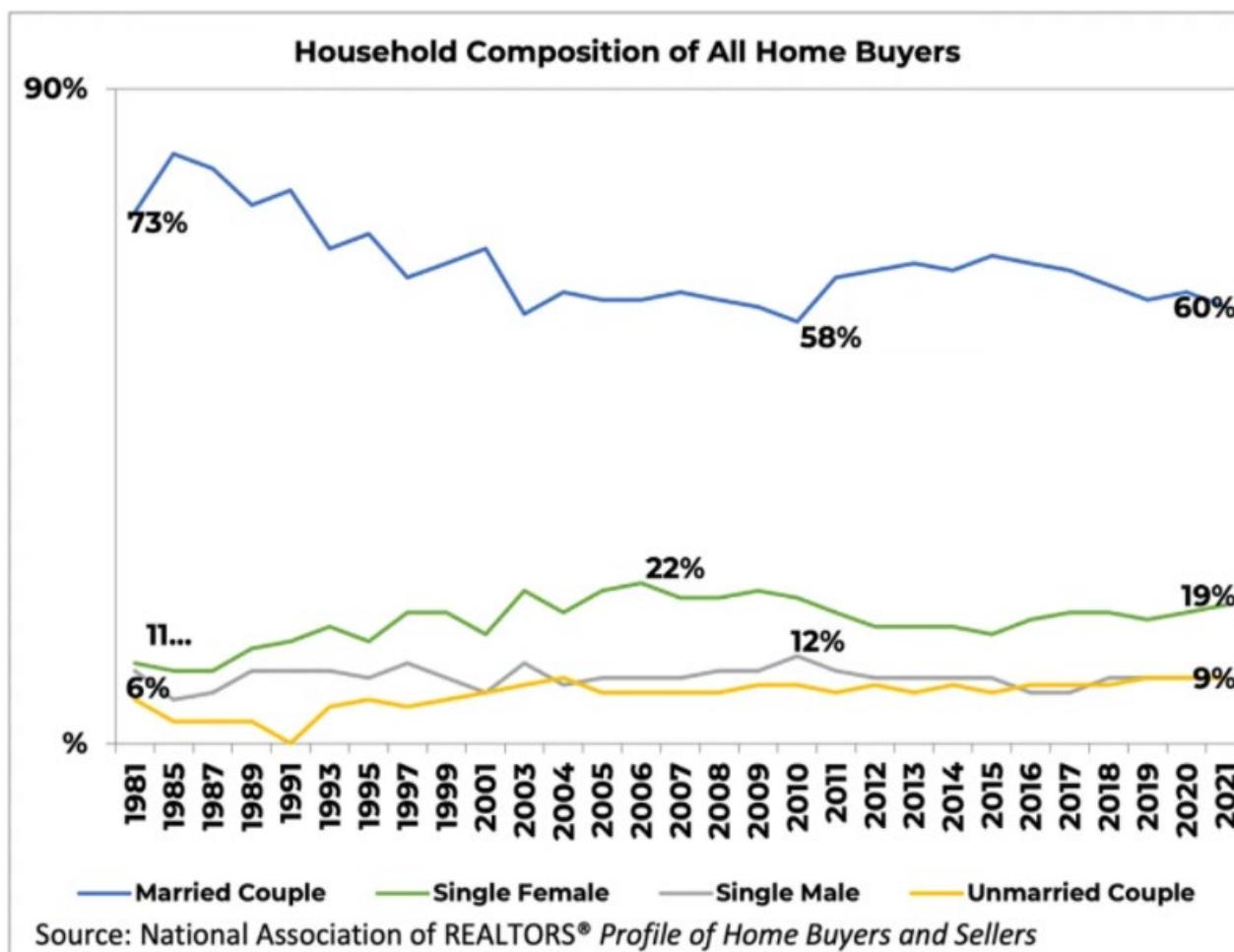
# Weekly Real Estate Monitor

## More Interesting Data

Galentine's, Valentine's, or Puppy Love?

[Read the full article here](#)

When looking at the household composition of home buyers today, 60% of all home buyers are married couples, 19% are single women, and 9% are unmarried couples.



Commercial Weekly: Apartment Demand is Normalizing but Rents Likely to Keep Rising in 2022

• [Read the full article here](#)

Q&A Corner: 2021 Profile of Home Buyers and Sellers

• [Read the full article here](#)

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