

December 2023

Monthly Research Update

National Association of REALTORS®
Research Group



**NATIONAL
ASSOCIATION OF
REALTORS®**

Data



Existing-Home Sales - Existing-home sales waned 1.0% in December to a seasonally adjusted annual rate of 3.78 million. Sales faded 6.2% from the previous year. The median existing-home sales price rose 4.4% from December 2022 to \$382,600 – the sixth consecutive month of year-over-year price increases. On an annual basis, existing-home sales (4.09 million) fell to the lowest level in nearly 30 years, while the median price reached a record high of \$389,800 in 2023. The inventory of unsold existing homes slumped 11.5% from the previous month to 1 million at the end of December, or the equivalent of 3.2 months' supply at the current monthly sales pace.



Pending Home Sales - Pending home sales rose by 8.3% in December. The Midwest, South, and West posted monthly gains in transactions, while the Northeast recorded a loss. The Midwest, South, and West also registered year-over-year increases, while the Northeast had a decline in transactions compared to last year.



Housing Affordability Index – Housing affordability rose to 94.2 in November from 91.4 in October. An index below 100 means that a family with a median income has less than the income required to afford a median-priced home.



REALTORS® Confidence Index – Fifty-six percent of respondents reported that properties sold in less than one month, down from 62% a month ago and flat from 57% in December 2022. First-time buyers represented 29% of buyers, down from 31% in November 2023 and December 2022. Twenty-nine percent of buyers had all-cash sales, up from 27% last month and up slightly from 28% last year.



Reports



Home Buyers by Metropolitan Statistical Area - NAR has developed homebuyer profiles for each metropolitan area and racial/ethnic group. These reports aim to answer questions about the typical homebuyer in each metropolitan area and shed light on the types of homes they typically purchase. Given the disparity in homeownership rates among minority groups, NAR also offers data on recent homebuyers categorized by racial/ethnic groups. This information aims to provide insights into the factors influencing homeownership trends and better understand the dynamics contributing to the disparities among different demographic groups at the local level.



REALTOR® Technology Survey-

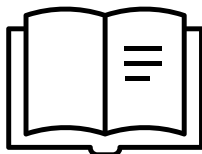
- 92% of respondents use Facebook in their real estate business, 68% use Instagram, 52% use LinkedIn, and 26% use YouTube.
- The top three tech tools that have given respondents (or their agents) the highest number of quality leads in the last 12 months were:
 - Social media (54%)
 - Customer relationship management (CRM) (36%)
 - Their local MLS (24%)



December 2023 Commercial Real Estate Market Insights – In 2023, inflation and interest rates emerged as the twin pillars steering the economic landscape and, consequently, the dynamics of the commercial real estate sector. In pursuit of lower inflation, the Federal Reserve implemented multiple interest rate hikes throughout the year. One of the most direct effects of these higher interest rates was the increased cost of borrowing, affecting the profitability of new developments, the feasibility of certain projects, and the overall volume of real estate investments. As a result, for most of the year, nearly every commercial real estate market segment encountered a continuous rise in vacancy rates and a deceleration in rent growth.



Local Market Reports– All real estate is local, and every market is unique. To help REALTORS® and other housing market analysts get the most out of the plethora of data that is available, NAR Research produces a series of Local Market Reports (LMRs), which provide insights into the fundamentals and direction of the nation's largest metropolitan housing markets. Each report evaluates a number of factors affecting home prices, including the health of the local job market, foreclosure rates, housing inventory, debt-to-income, and mortgage-servicing-costs-to-income ratios



Articles and Instant Reactions on the Economy



[Flashback: 1995 in the Housing Market vs Today](#) - At 4.09 million, the annual pace of 2023's existing-home sales was the lowest number recorded since 1995, when it was 3.85 million. A then-and-now comparison highlights the challenges buyers faced in 2023.



[Instant Reaction: Mortgage Rates, January 18, 2024](#) - This week's mortgage interest rate fell to 6.60%, the lowest in eight months and good news for potential home buyers.



[Migration Trends by Metropolitan Status in 2022](#) - In 2022, 1.6 million people opted to relocate to the suburbs, while another 18,000 chose nonmetropolitan (rural or less densely populated) areas.



[Instant Reaction: Mortgage Rates, January 11, 2024](#) - As mortgage interest rates have been flat since December 21, home buyers can plan smartly as they enter the buying market.



[Instant Reaction: Consumer Price Inflation, January 11, 2024](#) - While consumer price inflation rose 3.4% in December, the Federal Reserve is still expected to cut interest rates by at least three times in 2024.



[State-to-State Migration Trends in 2022](#) - The number of people who moved between states rose from approximately 7.9 million in 2021 to approximately 8.2 million in 2022.

