

This Month in Real Estate



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National Housing Statistics | October 2018

Existing-Home Sales Increase for the First Time in Six Months

WASHINGTON (November 21, 2018) — Existing-home sales increased in October after six straight months of decreases, according to the National Association of Realtors®. Three of four major U.S. regions saw gains in sales activity last month.

Total existing-home sales¹, which are completed transactions that include single-family homes, townhomes, condominiums and co-ops, increased 1.4 percent from September to a seasonally adjusted rate of 5.22 million in October. Sales are now down 5.1 percent from a year ago (5.5 million in October 2017).

CLOSED SALES (IN MILLIONS)



Lawrence Yun, NAR's chief economist, says increasing housing inventory has brought more buyers to the market. "After six consecutive months of decline, buyers are finally stepping back into the housing market," he said. "Gains in the Northeast, South and West – a reversal from last month's steep decline or plateau in all regions – helped overall sales activity rise for the first time since March 2018."

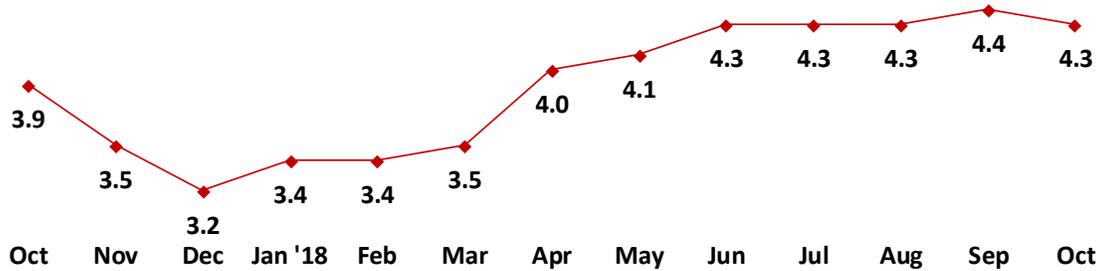
The median existing-home price² for all housing types in October was \$255,400, up 3.8 percent from October 2017 (\$246,000). October's price increase marks the 80th straight month of year-over-year gains.

MEDIAN PRICE (IN THOUSANDS)



Total housing inventory³ at the end of October decreased from 1.88 million in September to 1.85 million existing homes available for sale, but that represents an increase from 1.80 million a year ago. Unsold inventory is at a 4.3-month supply at the current sales pace, down from 4.4 last month and up from 3.9 months a year ago.

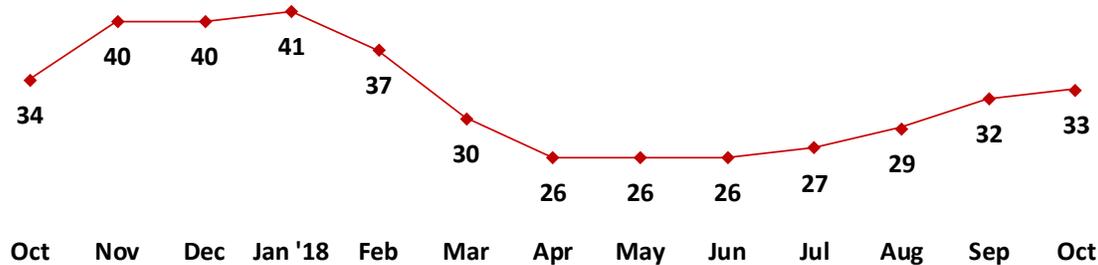
MONTHS SUPPLY OF INVENTORY



Properties typically stayed on the market for 33 days in October, up from 32 days in September but down from 34 days a year ago. Forty-six percent of homes sold in October were on the market for less than a month.

“As more inventory enters the market and we head into the winter season, home price growth has begun to slow more meaningfully,” said Yun. “This allows for much more manageable, less frenzied buying conditions.”

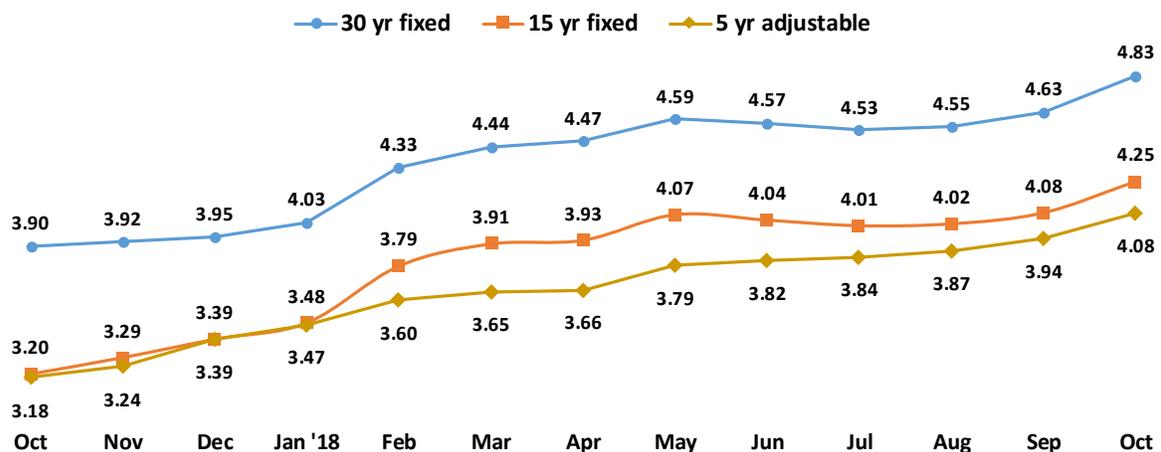
DAYS ON MARKET



According to Freddie Mac, the average commitment rate for a 30-year, conventional, fixed-rate mortgage increased to 4.83 percent in October from 4.63 percent in September. The average commitment rate for all of 2017 was 3.99 percent.

“Rising interest rates and increasing home prices continue to suppress the rate of first-time homebuyers. Home sales could further decline before stabilizing. The Federal Reserve should, therefore, re-evaluate its monetary policy of tightening credit, especially in light of softening inflationary pressures, to help ease the financial burden on potential first-time buyers and assure a slump in the market causes no lasting damage to the economy,” says Yun.

AVERAGE COMMITMENT RATE



First-time buyers were responsible for 31 percent of sales in October, down from last month and a year ago (32 percent). NAR’s 2018 Profile of Home Buyers and Sellers – released in late 2018⁴ – revealed that the annual share of first-time buyers was 33 percent.

“Despite this much-welcomed month over month gain, sales are still down from a year ago, a large reason for which is affordability challenges from higher interest rates,” said NAR President John Smaby. “Prospective buyers looking for their dream home in this market should contact a Realtor® as a first step in the buying process to help them navigate this more challenging environment.”

All-cash sales accounted for 23 percent of transactions in October, up from September and a year ago (21 and 20 percent, respectively). Individual investors, who account for many cash sales, purchased 15 percent of homes in October, up from September and a year ago (both 13 percent).

Distressed sales⁴ – foreclosures and short sales – represented 3 percent of sales in October (the lowest since NAR began tracking in October 2008), unchanged from last month and down from 4 percent a year ago. Two percent of October sales were foreclosures and 1 percent were short sales.

Single-family home sales sit at a seasonally adjusted annual rate of 4.62 million in October, up from 4.58 million in September, and are 5.3 percent below the 4.88 million sales pace from a year ago. The median existing single-family home price was \$257,900 in October, up 4.3 percent from October 2017.

Existing condominium and co-op sales were recorded at a seasonally adjusted annual rate of 600,000 units in October, up 5.3 percent from last month but down 3.2 percent from a year ago. The median existing condo price was \$236,200 in October, which is down 0.2 percent from a year ago.

¹Existing-home sales, which include single-family, townhomes, condominiums and co-ops, are based on transaction closings from Multiple Listing Services. Changes in sales trends outside of MLSs are not captured in the monthly series. NAR re-benchmarks home sales periodically using other sources to assess overall home sales trends, including sales not reported by MLSs.

²The median price is where half sold for more and half sold for less; medians are more typical of market conditions than average prices, which are skewed higher by a relatively small share of upper-end transactions. The only valid comparisons for median prices are with the same period a year earlier due to seasonality in buying patterns. Month-to-month comparisons do not compensate for seasonal changes, especially for the timing of family buying patterns. Changes in the composition of sales can distort median price data. Year-ago median and mean prices sometimes are revised in an automated process if additional data is received.

³Total inventory and month's supply data are available back through 1999, while single-family inventory and month's supply are available back to 1982 (prior to 1999, single-family sales accounted for more than 90 percent of transactions and condos were measured only on a quarterly basis).

⁴Distressed sales (foreclosures and short sales), days on market, first-time buyers, all-cash transactions and investors are from a monthly survey for the NAR's Realtors® Confidence Index, posted at nar.realtor.

Source: National Association of Realtors Existing Homes Sales report. The opinions expressed are intended to supplement opinions on real estate expressed by local and national media, local real estate agents and other expert sources. You should not treat any opinion expressed as a specific inducement to make an investment or follow a strategy, but only as an expression of opinion. Nothing herein should be construed as investment advice. You should always conduct your own research and due diligence and obtain professional advice before making any investment decision. All investments involve some degree of risk. Keller Williams Realty, Inc., will not be liable for any loss or damage caused by your reliance on information contained herein.
