2020

Weekly Housing Market Monitor

August 17-20

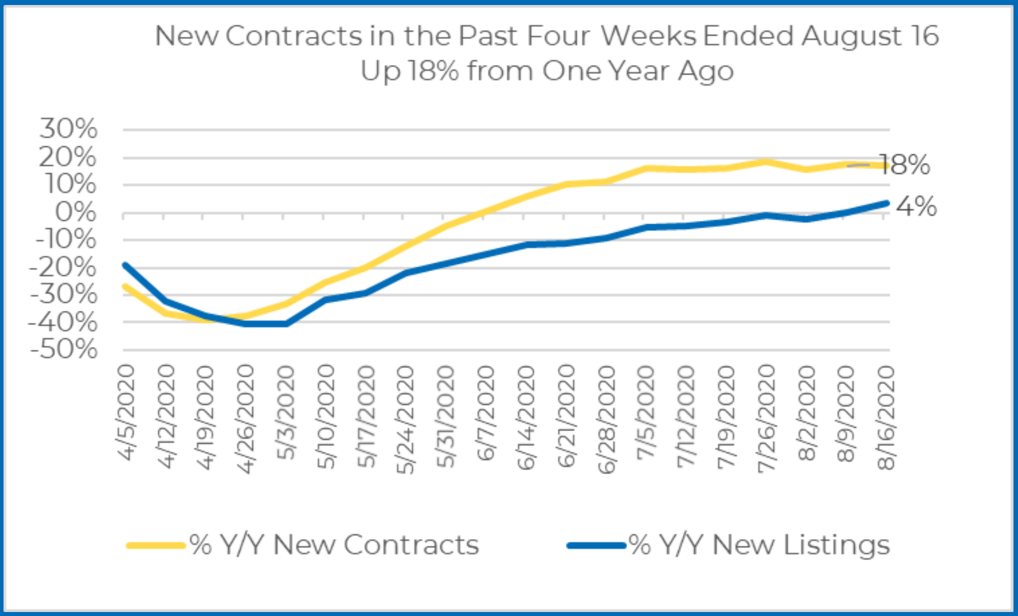
National Association of REALTORS® Research Group

NATIONAL ASSOCIATION OF REALTORS®

Weekly Housing Market Monitor August 17-20

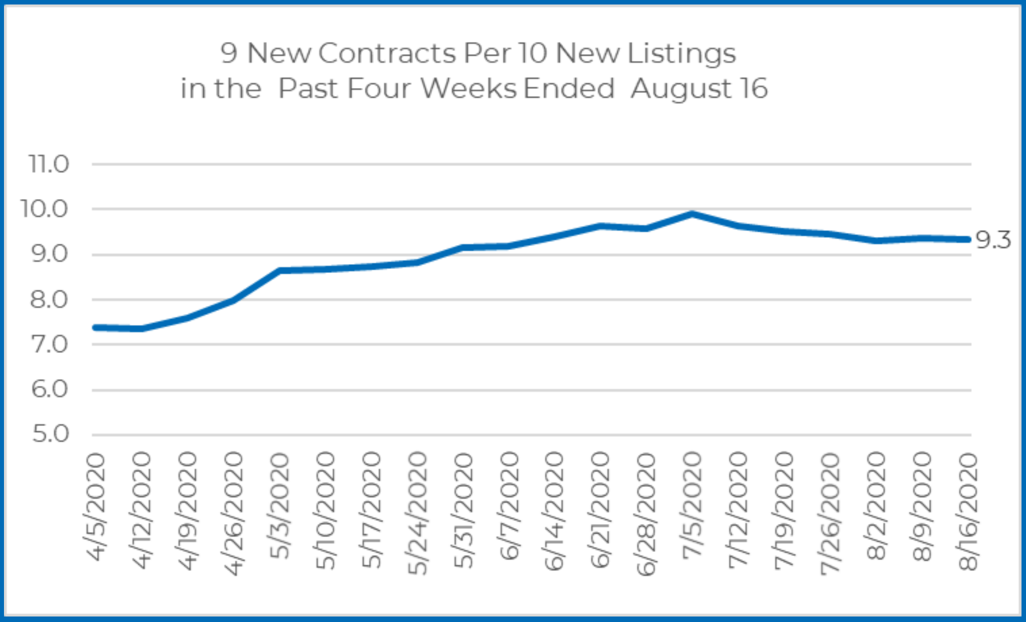
Contract Signings Rose Nearly 18% in the Past Four Weeks Ended August 16 from One Year Ago*

Preliminary information from multiple listing services shows a sustained increase in housing transactions as of August 16. Homebuying is being buoyed by low mortgage rates as the 30-year fixed mortgage rates averaged 2.96% in the week of the week of August 14 and job growth, with 10.1 million more employed payroll and self-employed workers in July compared to the level in April when employment reached its trough are all buoying up demand.



Contract signings (pending sales) during the past four weeks ended August 16 were up 18% from one year ago.

For the first time, new listings in the past four weeks were at a level higher than one year ago, up by 4%.



With an increase in the pace of new listings, there were 9.3 new pending contracts for every 10 new listings in the past four weeks ended August 16, a little less than the 9.9 ratio in the past four weeks through July 5. This indicates that supply conditions are improved somewhat in August, which should be temper the rise in prices.

* Preliminary data based on a limited number of MLS

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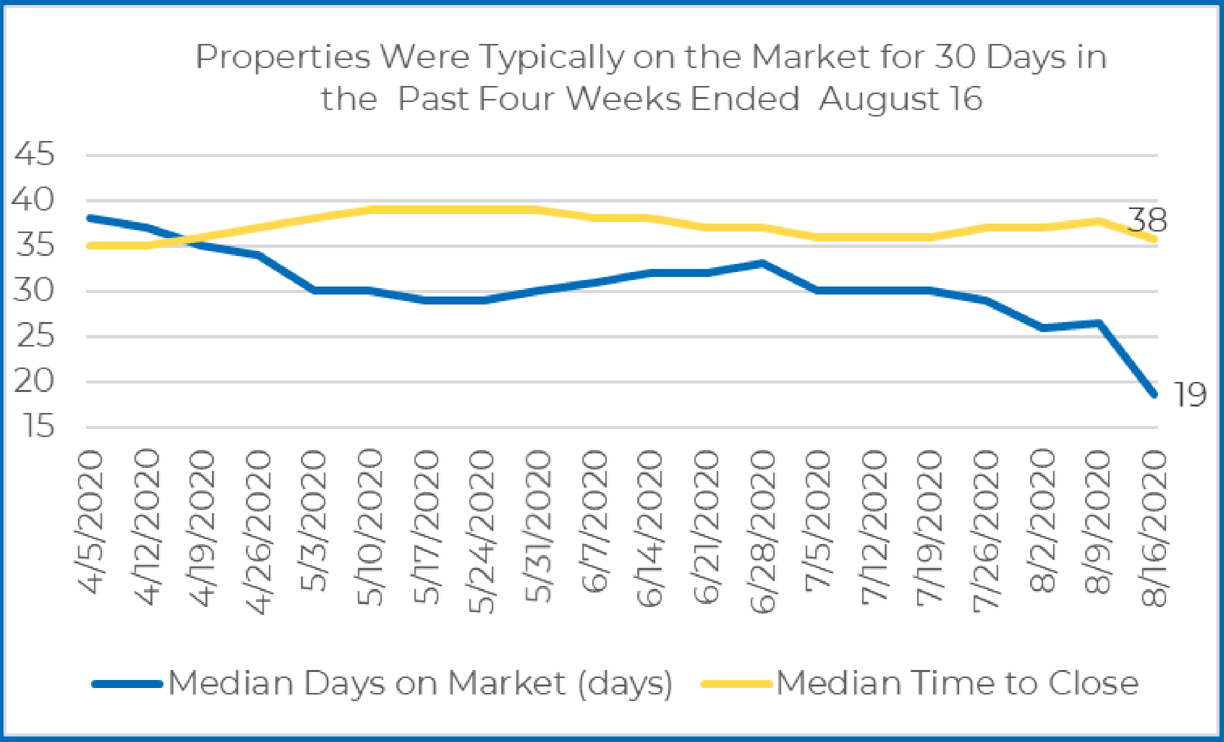
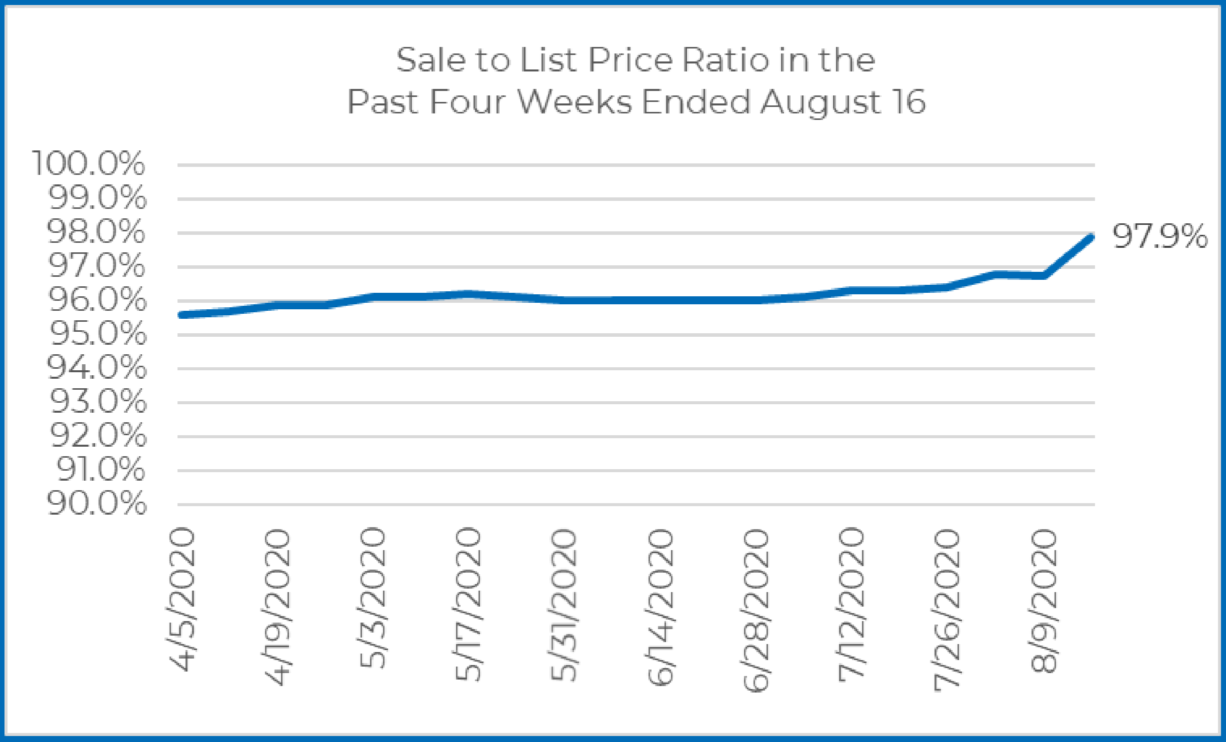
It's a Strong Seller's Market

With new contract signings outpacing new listings, properties were typically sold within 19 days in the past four weeks through August 16 compared to 31 days one year ago.

The sale-to-list price ratio was at 97.9% in the week ended August 16, up from 96% in April. A higher sale to list price ratio means the market is turning into a seller's market.





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40-City Sales Share Tracker

NAR is monitoring trends to see if there is some shifting from the city to the suburbs occurring, or if there is more sales activity in the city relative to the total metro areas.

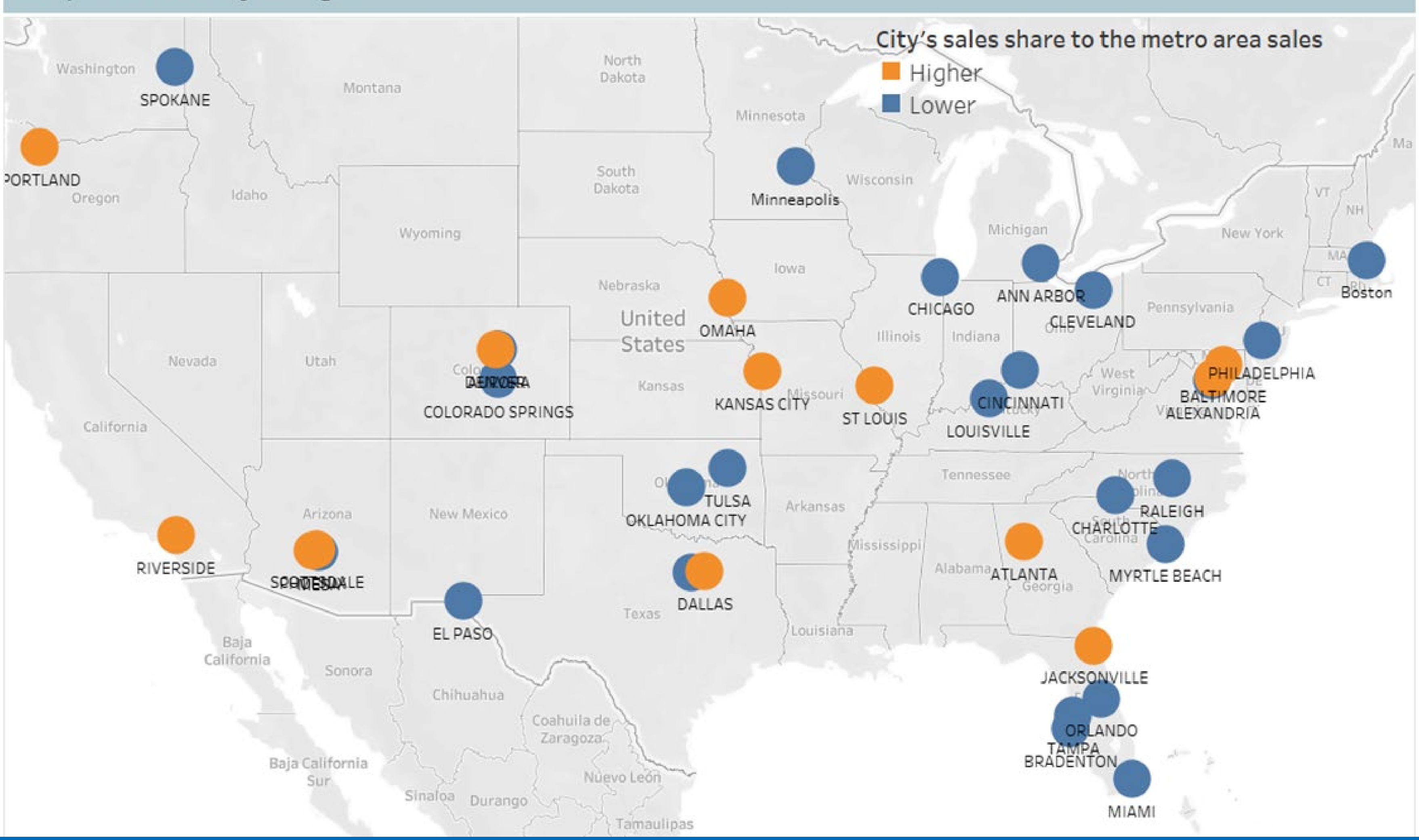
During the four weeks ended August 16, the share of sales in the city to the sales in the metropolitan area declined in in 40 cities (67%), including cities such as Boston, Philadelphia, and the Florida cities.

However, sales in the city increased relative to the metro area sales in places like Portland, Riverside, Dallas, Denver, Omaha, St. Louis, and Baltimore.

NAR will track how consistent these trends are over time.

City Sales Share to Metro Area During Past Four Weeks Ended August 16 Compared to One Year Ago:

in 27 of 40 cities, the share of existing home sales of the city to the metro area's sales has decreased compared to one year ago



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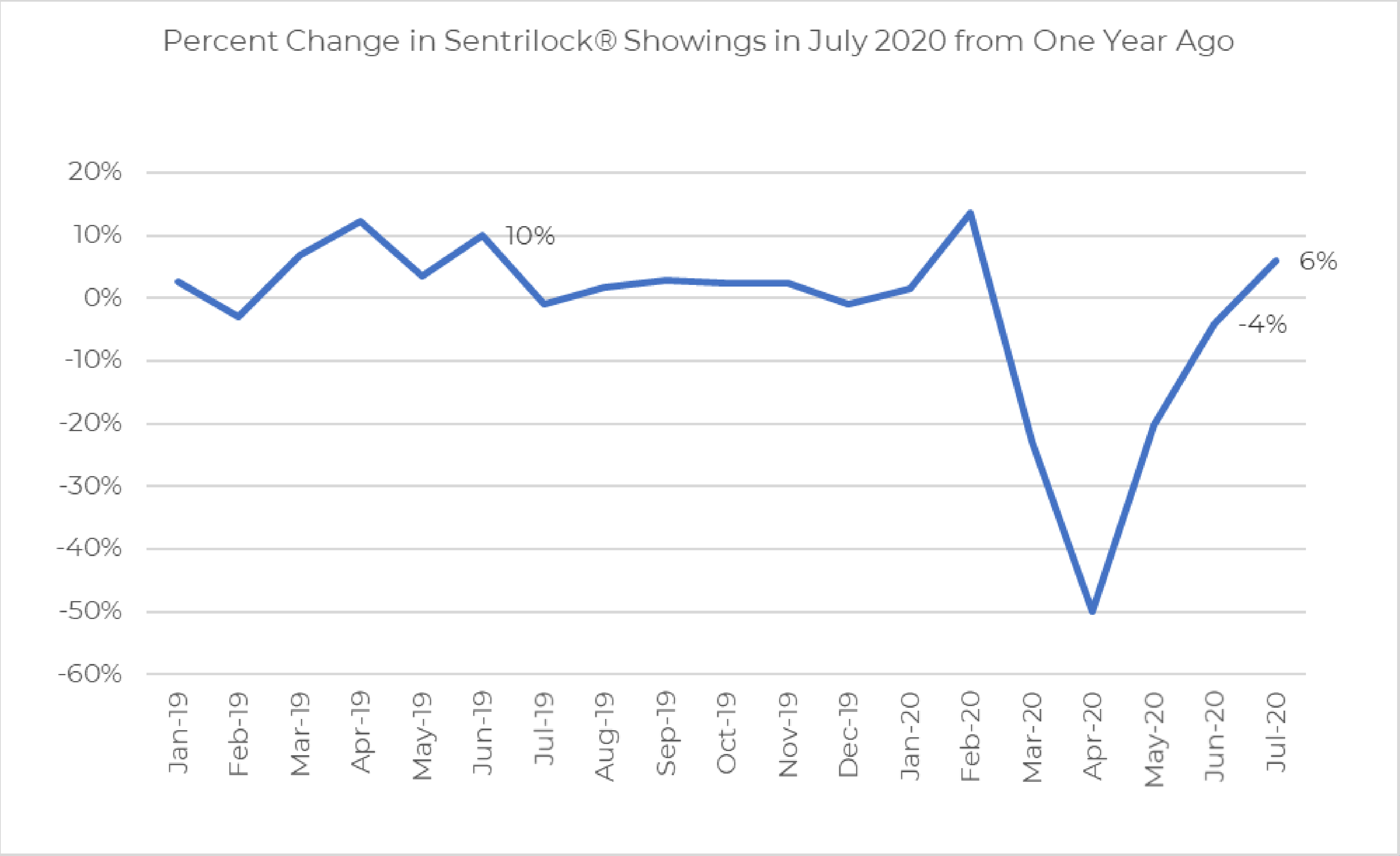
Home Showings in July 2020 on the Rebound

Showings continue to pick up as they rebound from the coronavirus pandemic. On a year-over-year basis in the Midwest, Northeast and Southern regions showings were up, 14%, 13% and 6% respectively.

The West region had the only decline in showings, at 4%, but this is also a smaller decline compared to the rate of decline in June (-13%).

Overall, home showings were up for the first time since February at 6% in July 2020 from year ago levels and is up significantly in comparison to the 50% decline experienced in April 2020.

The diffusion index increased from prior month levels as it currently stands at 46.5, with 46.5% of roughly 200 MLSs boards reporting a year-over-year increase in showings with Sentrilock® lockboxes.



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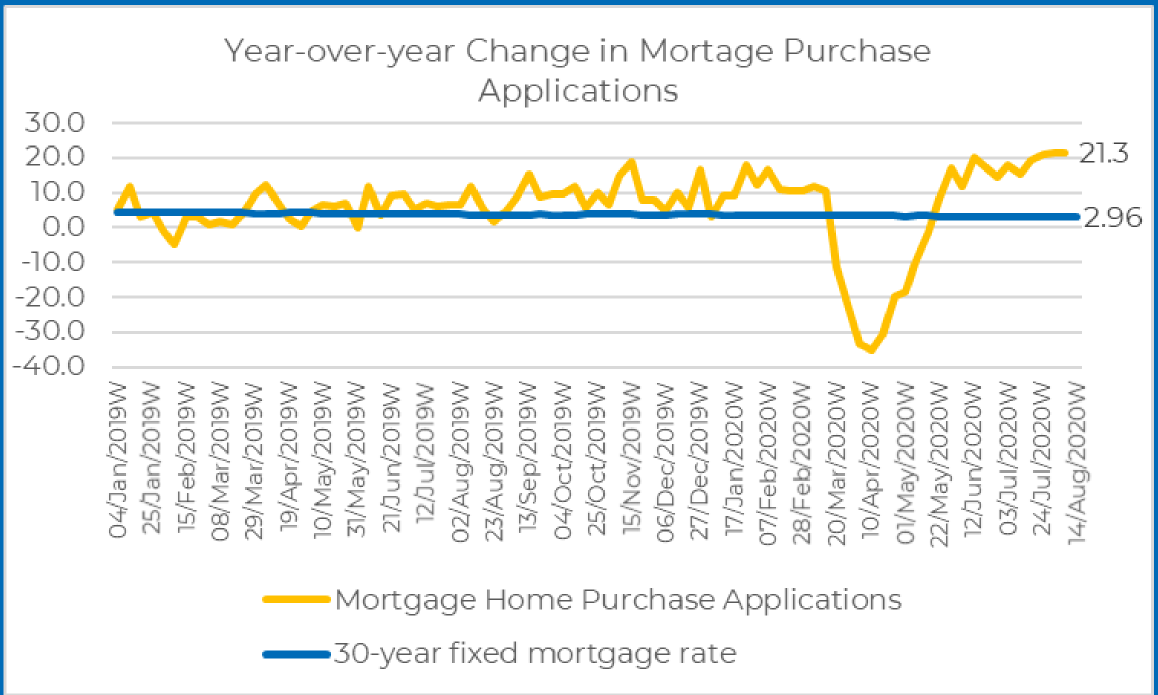
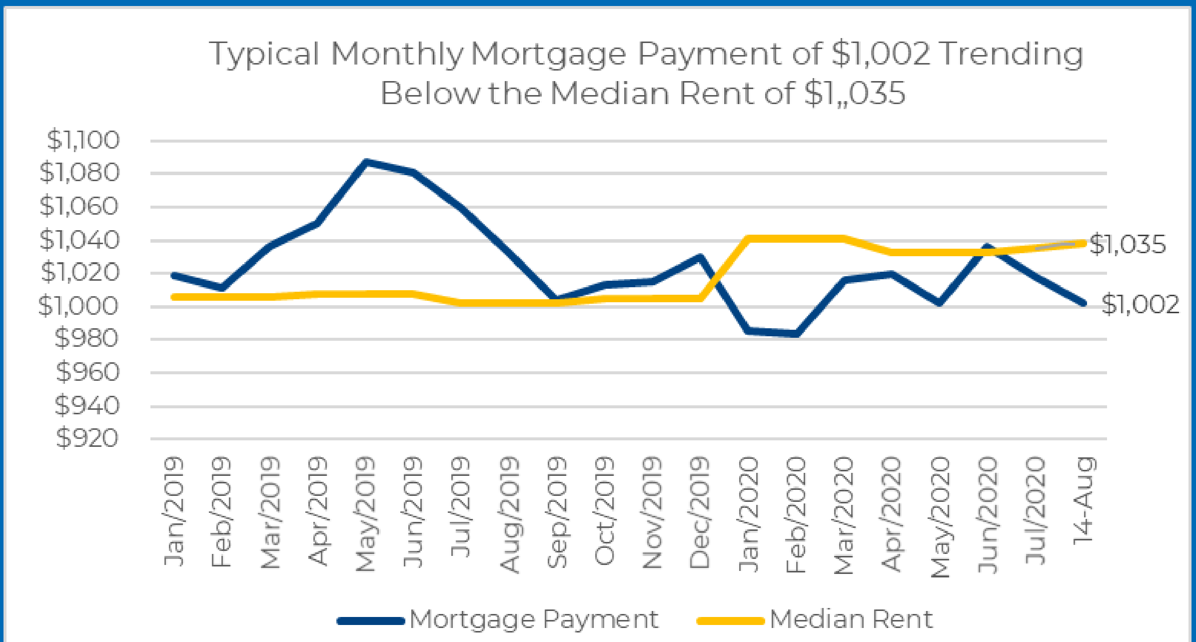
Mortgage Rates at Below 3% in the Week of August 14*

The 30-year fixed mortgage rate slightly rose to 2.96% in the week of August 14 (2.88% week of August 7), but are about 60 basis points from one year ago (3.6%).



Given the low mortgage rate, purchase applications were up 21% from one year ago during the week ended August 7. Mortgage purchase applications have been trending above last year's levels since mid-May.

As of the week ended August 14, the monthly mortgage payment on a single-family home with a median sales price of $298,600 financed with a 30-year fixed rate mortgage at 20% down payment was $1,002, which is lower than the estimated median rent of $1,035.



Calculations based on 2.96% 30 -year fixed rate + 0.8% points and fees as of week ended August 14, $298,800 median price of single-family home in July, 20% downpayment; July median rent is estimated by applying m/m CPI-Shelter inflation to US Census Bureau median rent for June of $1,003

* This calculation is for analytical purpose and is intended to show broadly how mortgage payments are changing relative to rent. Consult your lender for an estimate of your mortgage payment that will depend on other factors such as income, debt, downpayment, and credit score.

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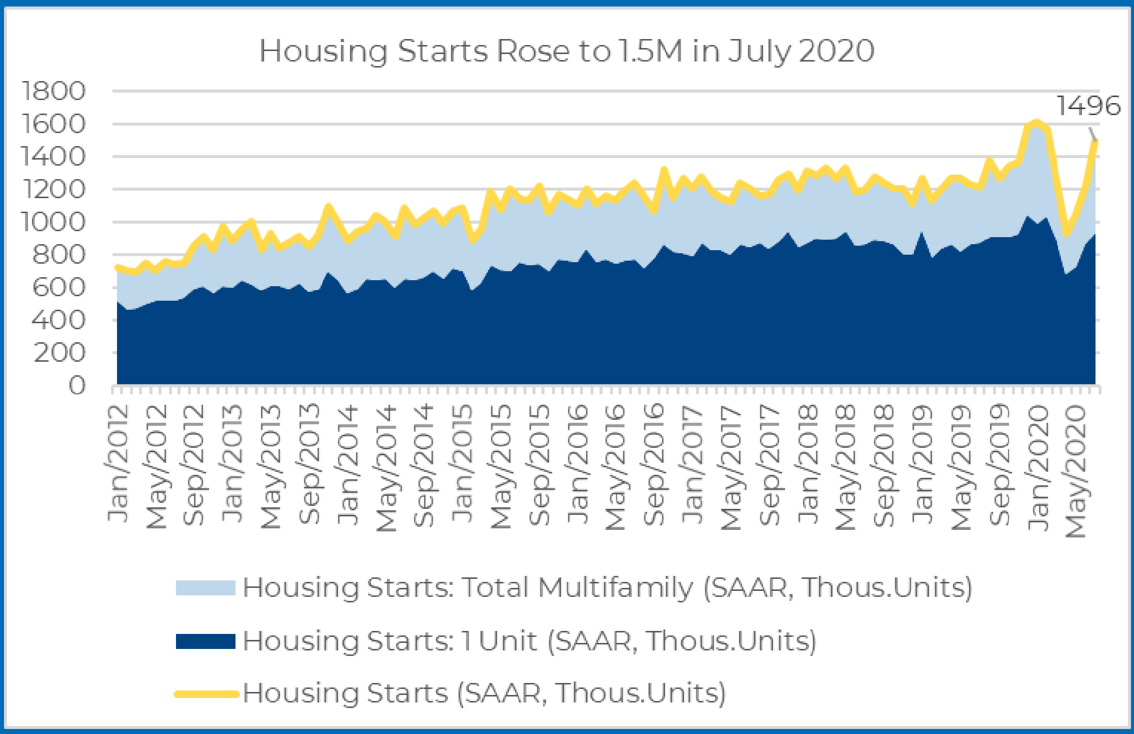
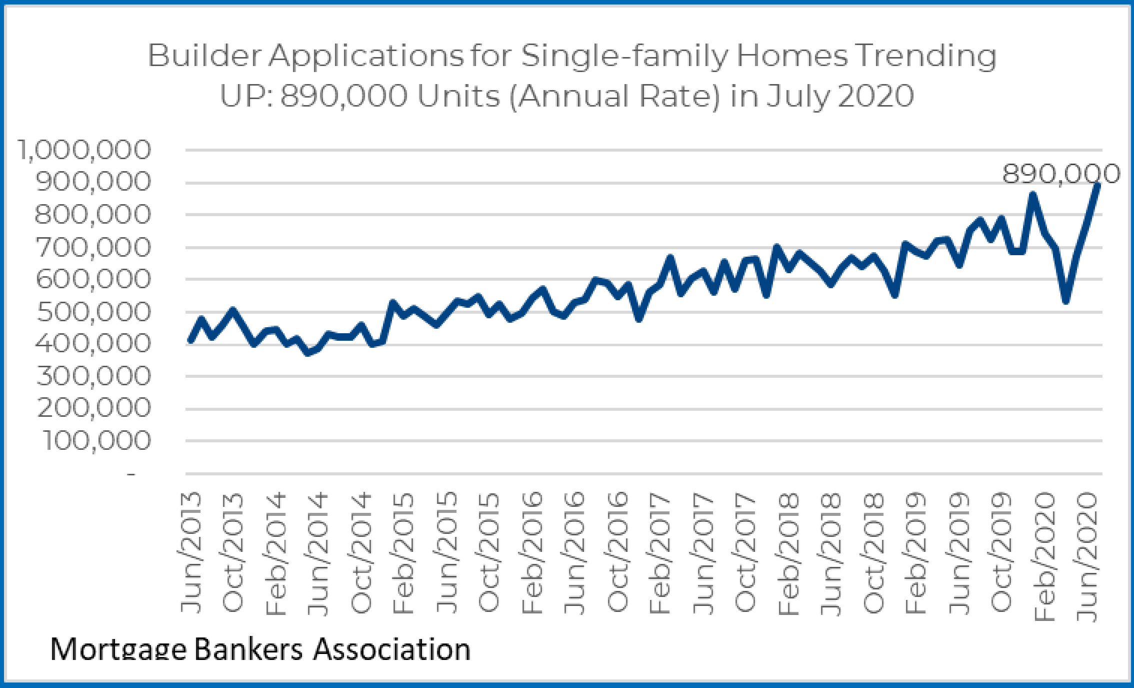
Housing Starts Rose to 1.5 Million in July 2020

Housing starts rose to an annual rate of 1.496 million in July 2020 after falling to just around 900,000 in April due to coronavirus-related delays. Single-family housing starts were up by 8%, at 940,000 while multifamily housing (2+ units) starts were up 58% to 556,000.





The increase in housing starts should ease the housing supply shortage for both owner-occupied and rented rentals. The inventory of homes for sale has trended at a level equivalent to four months of the current monthly sales, below a desirable level of 6 months. Rental vacancy rates have also tightened to 5.7% indicating a need for apartment rentals.

Housing starts are expected to continue to improve based on the number of builder applications for single-family homes that hit 890,000 homes (annual rate) in July, according to a survey of builders by the Mortgage Bankers Association (sample that covers 20% of builders).

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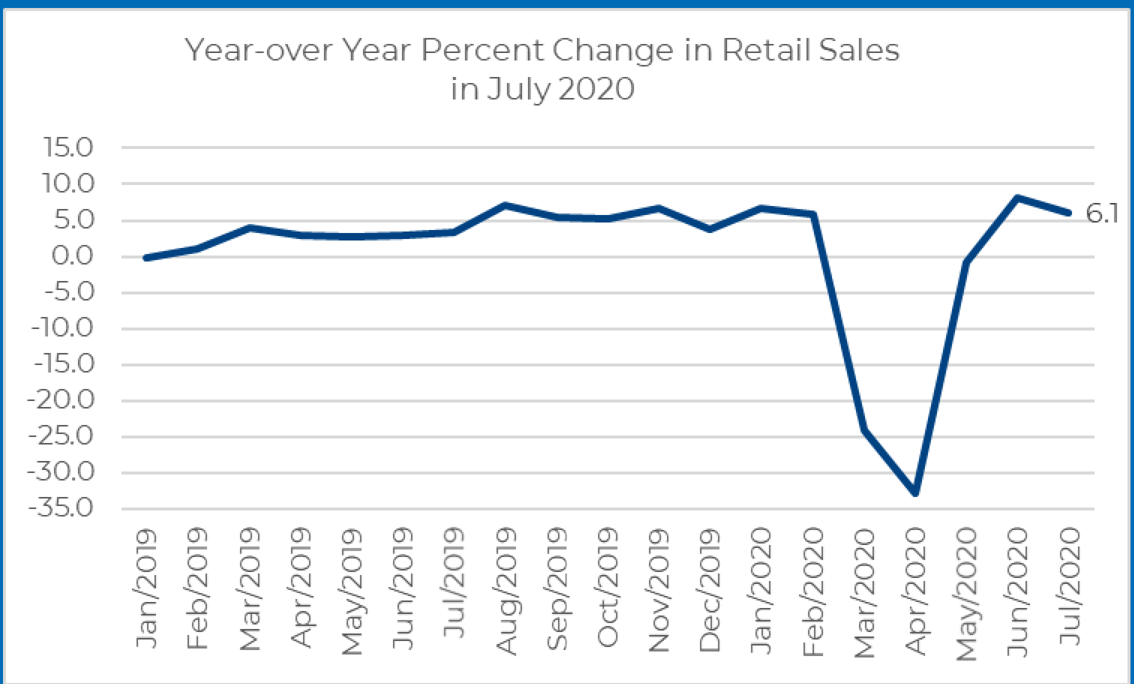
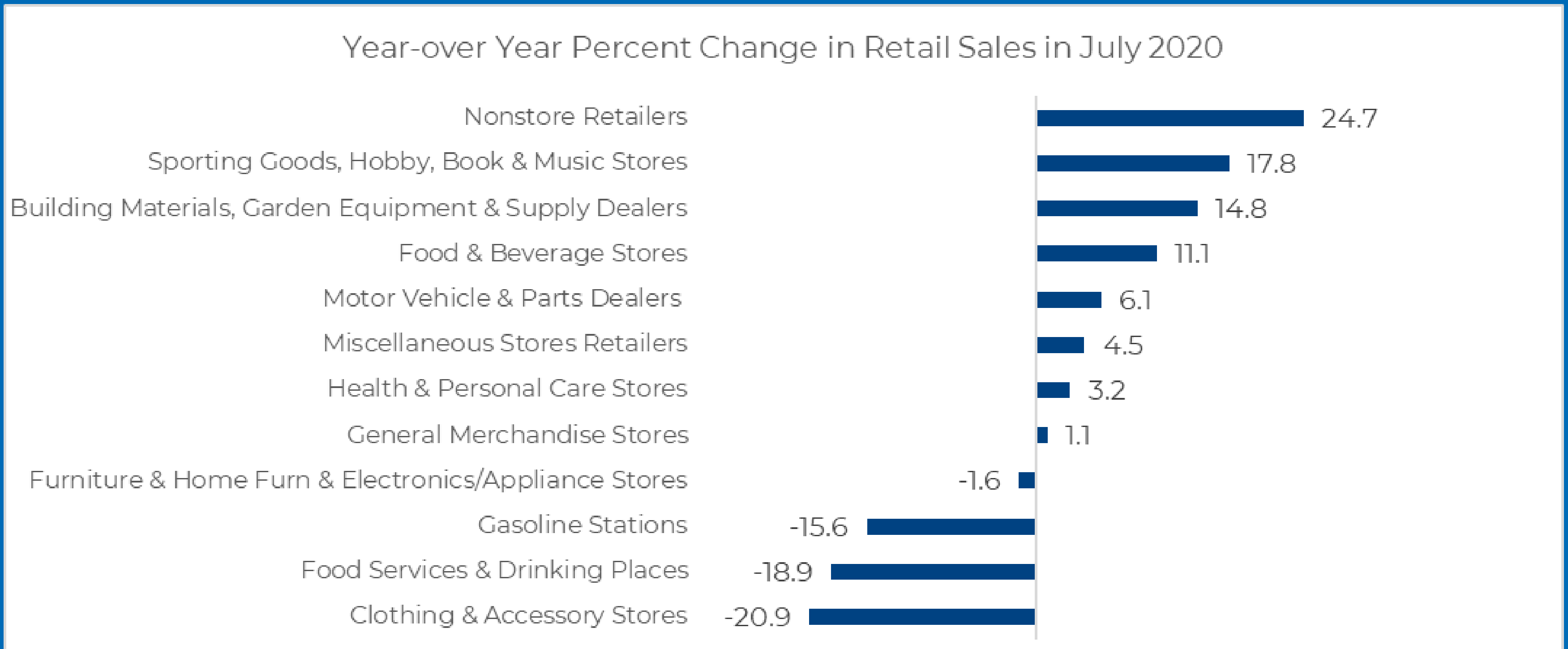
Retail Sales of Building Materials Rose 15% in July 2020 from One Year Ago

Total retail sales of both store and non-store retailers rose 6.1% year-over-year in July 2020, the second month of year-over-year growth.



Sales of building materials, garden equipment and supply dealers rose nearly 15% year-over-year. This indicates increased spending for home remodeling, renovation, minor repairs or sprucing up of the yard , which all increase a home's value and curb appeal.

Non-store retail sales (e-commerce and fuel dealers) rose at the strongest pace, at 24.7% indicating the continued preference for e-commerce. On the other hand, sales of clothing and accessory stores fell 20%.



Source: US Census Bureau

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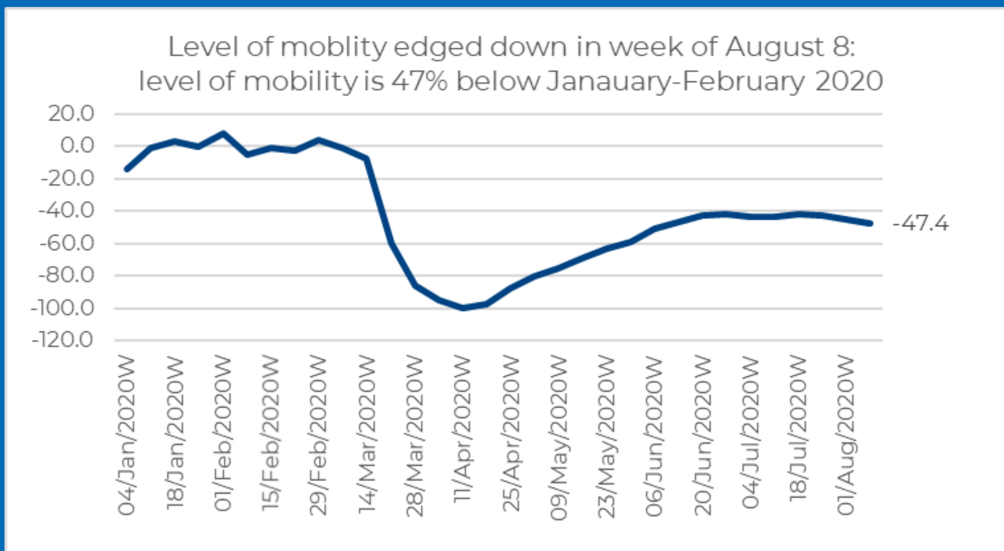
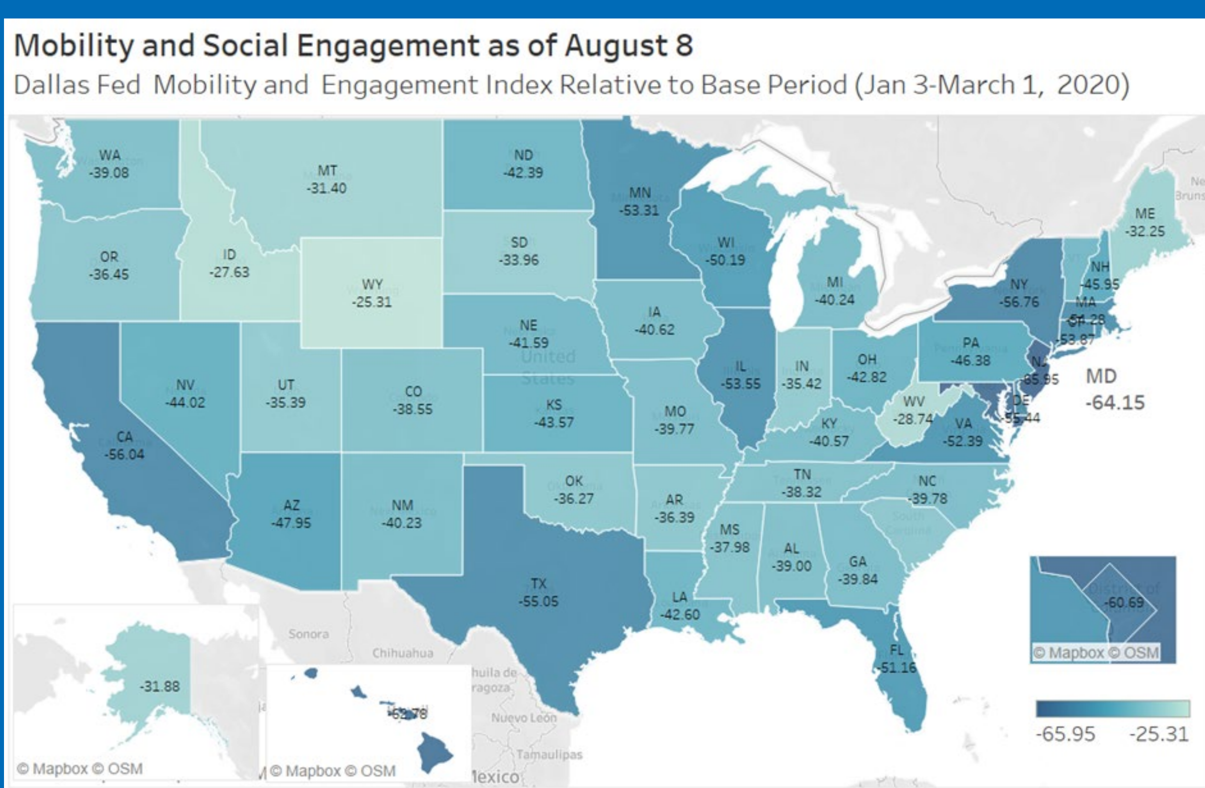
Mobility Pulled Back Amid Coronavirus Resurgence (Week of August 8)

The level of mobility and engagement fell back to 47% below the pre-coronavirus level, with the resurgence of coronavirus cases, based on the Dallas Federal Reserve Mobility and Engagement Index.



Source: Dallas Fed and Safegraph Mobility and Engagement Index

With state governments continuing to take steps to prevent a resurgence of coronavirus cases and to open businesses safely, mobility remains low compared to pre-coronavirus level in New Jersey (-66%), Maryland (-64%), Washington, DC (-60%), New York (-56%), California (-56%), Texas (-55%), Illinois (-53%), and Minnesota (-53%).



The Dallas Fed Mobility and Engagement Index is based on geolocation data collected from a large sample of mobile. The index summarizes the information in seven different variables, each measured daily at the county level and relative to its weekday-specific average over January 3–March 1. The variables are:Fraction of devices leaving home in a day; fraction of devices away from home for three to six hours at a fixed location; fraction of devices away from home longer than six hours at a fixed location; an adjusted average of daytime hours spent at home; fraction of devices taking trips longer than 16 kilometers (10 miles); fraction of devices taking trips less than 2 kilometers (1.2 miles); average time spent at locations far from home.

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August 2020

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