

2021

Weekly Housing Market Monitor

May 10-13

National Association of REALTORS®
Research Group



NATIONAL
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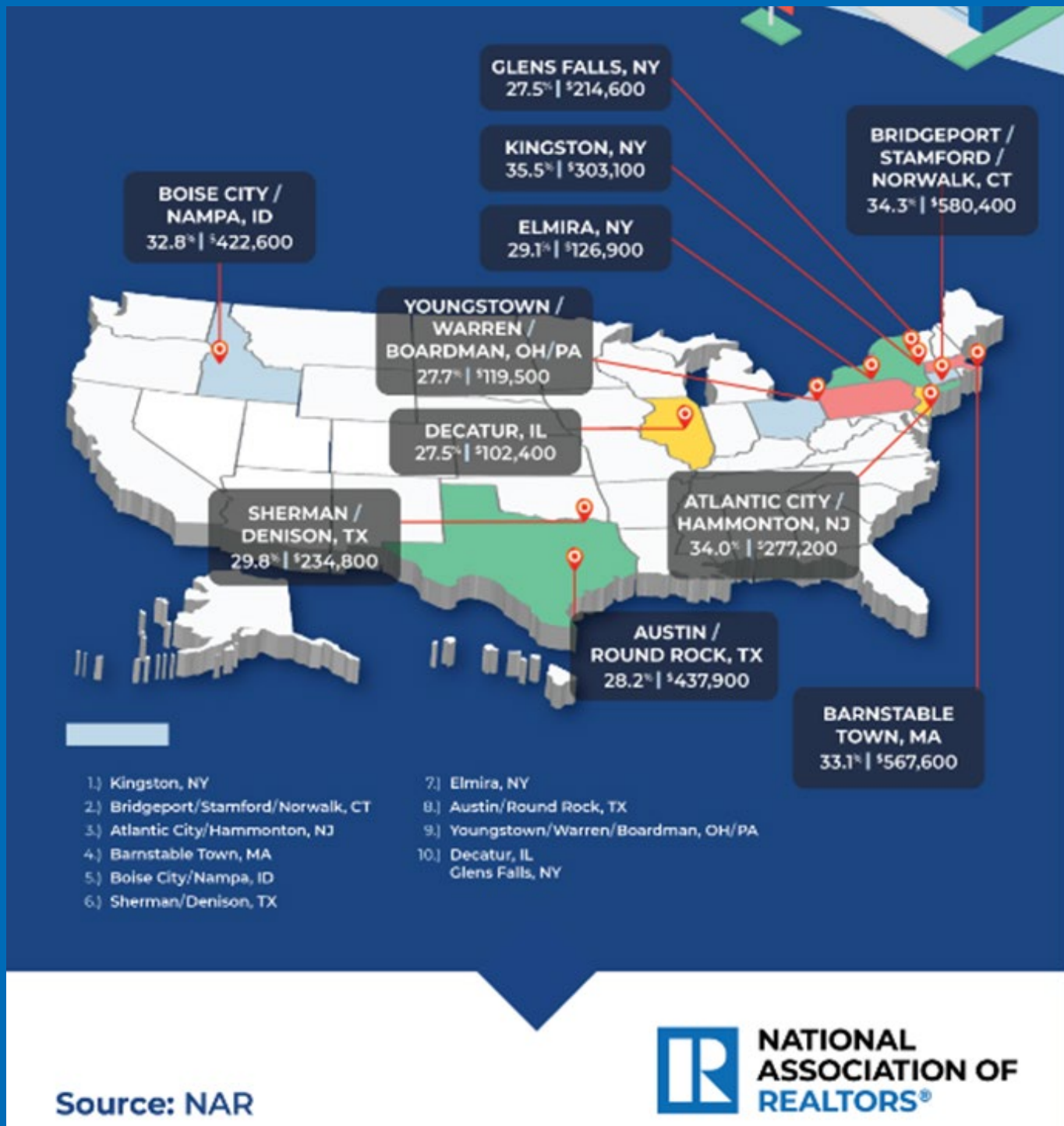
Weekly Housing Market Monitor

Virtually Every Metro Area Experienced Home Prices Rise in First Quarter of 2021

The median existing single-family sales price rose in nearly all 183 metro areas tracked NAR, with 89% percent of metro areas having double-digit price gains. The median existing single-family sales price rose at an annual pace of 16.2%, a record high since 1968.

Even markets that have been out of the radar of homebuyers in past years: Elmira, Youngstown, Decatur have seen high price growth.

The average national monthly mortgage payment rose to \$1,067 from \$995 a year ago. Nationally, a family typically needed an income of \$51,216 to pay a 30-year fixed-rate mortgage with a 20% down payment (\$47,760 one year ago).



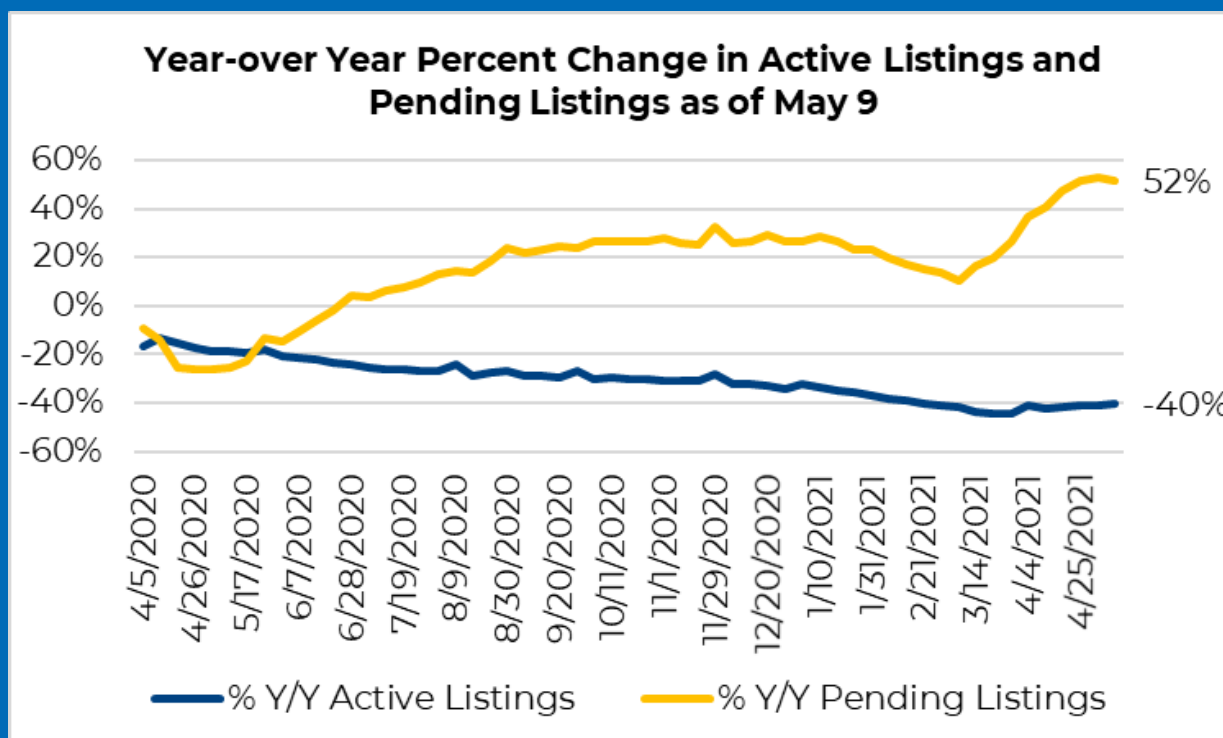
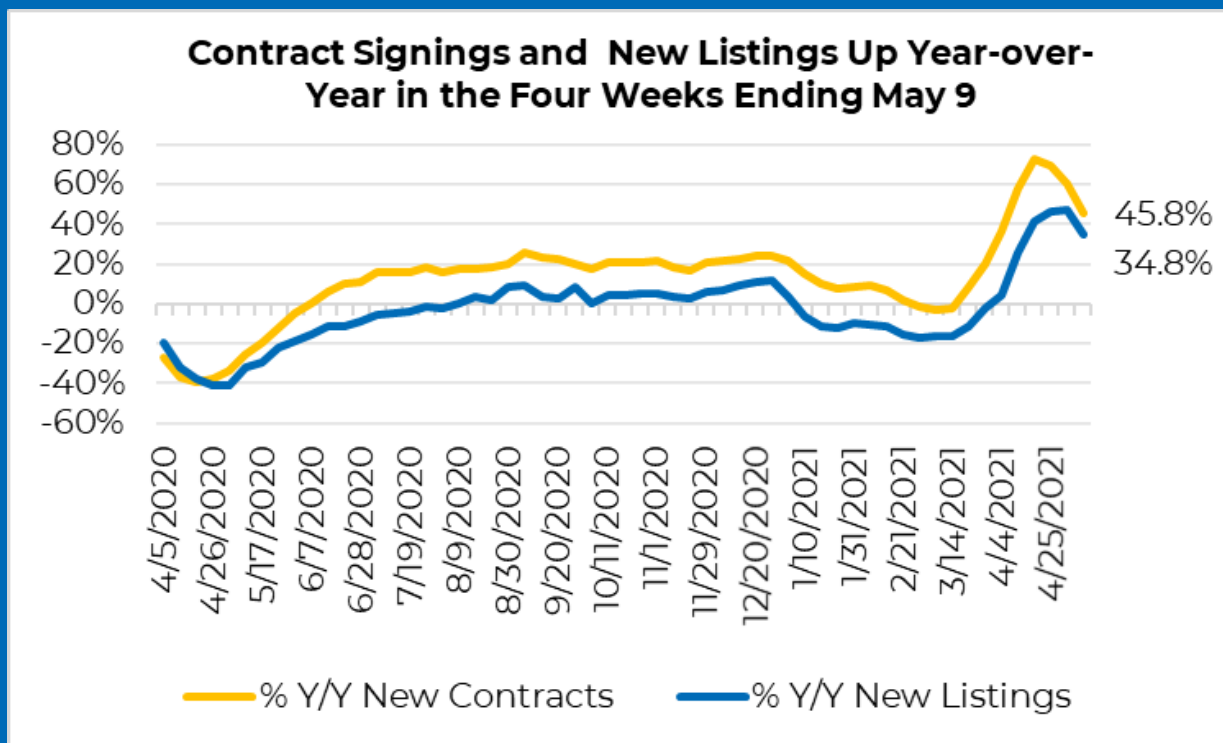
*NAR released the quarterly price series in 1989. However, the monthly single-family series goes back to 1968. The 16.2% year-over-year pace will still be at an all-time high in quarterly prices that were calculated starting in 1968.

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Inventory of Pending Listings are 52% Higher from One Year Ago While Active Listings are Down 41%*

New contracts signed (pending sales) continue to outpace new listings. During the past four weeks ending May 9, new contracts signed (pending sales) rose 45.8% from one year ago, outpacing new listings which rose 34.8%. The year-over-year pace has declined compared to the pace in April which shows the strongest rebound from one year ago as the economy went into a lockdown in April. The high pace of growth shows how far the housing market has recovered from the effects of the COVID-19 pandemic.

With new pending contracts outpacing new listings, the inventory of active listings as of May 9 was down 40% from one year ago while the inventory of pending listings was higher by 52%.



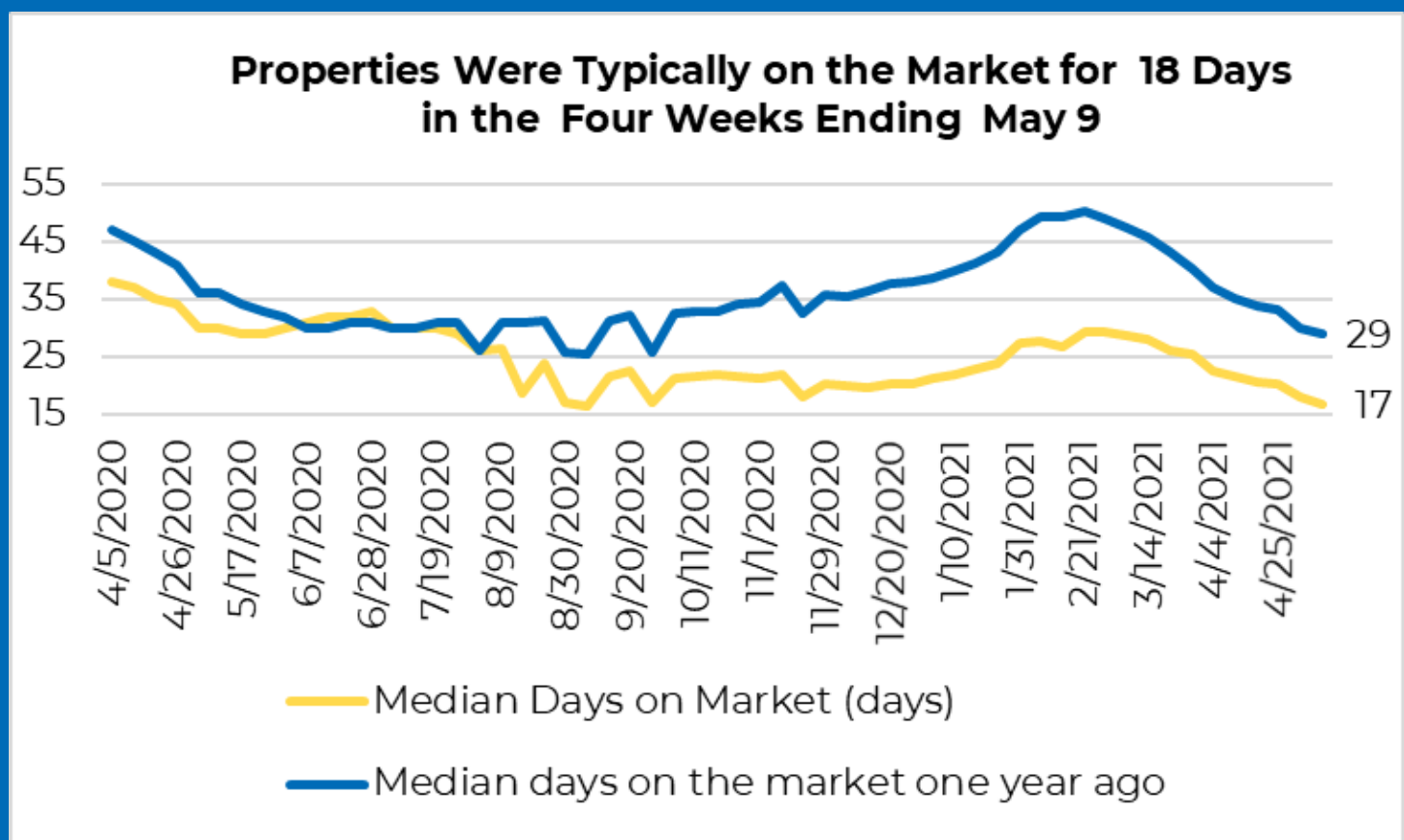
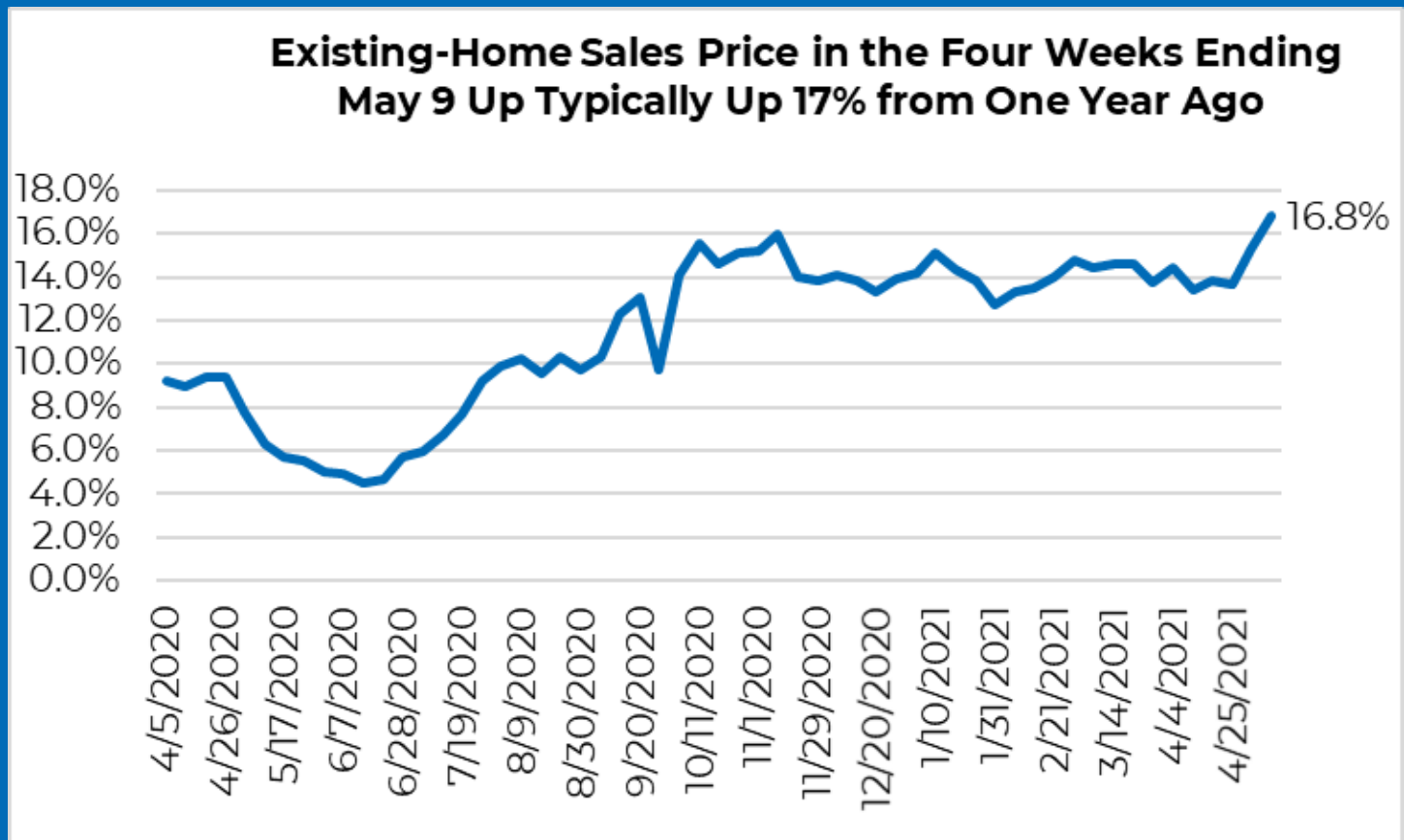
*Based on a preliminary data from a sample of about 200 MLS.

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Existing-Home Sales Prices Up 17% from One Year Ago as Homes Typically Sold in 17 Days*

There is no let-up yet in the rise of home sales prices: the median existing-home sales price in the four weeks ending May 9 increased 17% from one year ago.

With demand outpacing supply, homes typically sold within 17 days compared to 29 days at about this same period last year.



* Based on preliminary data from a sample of about 200 MLS.

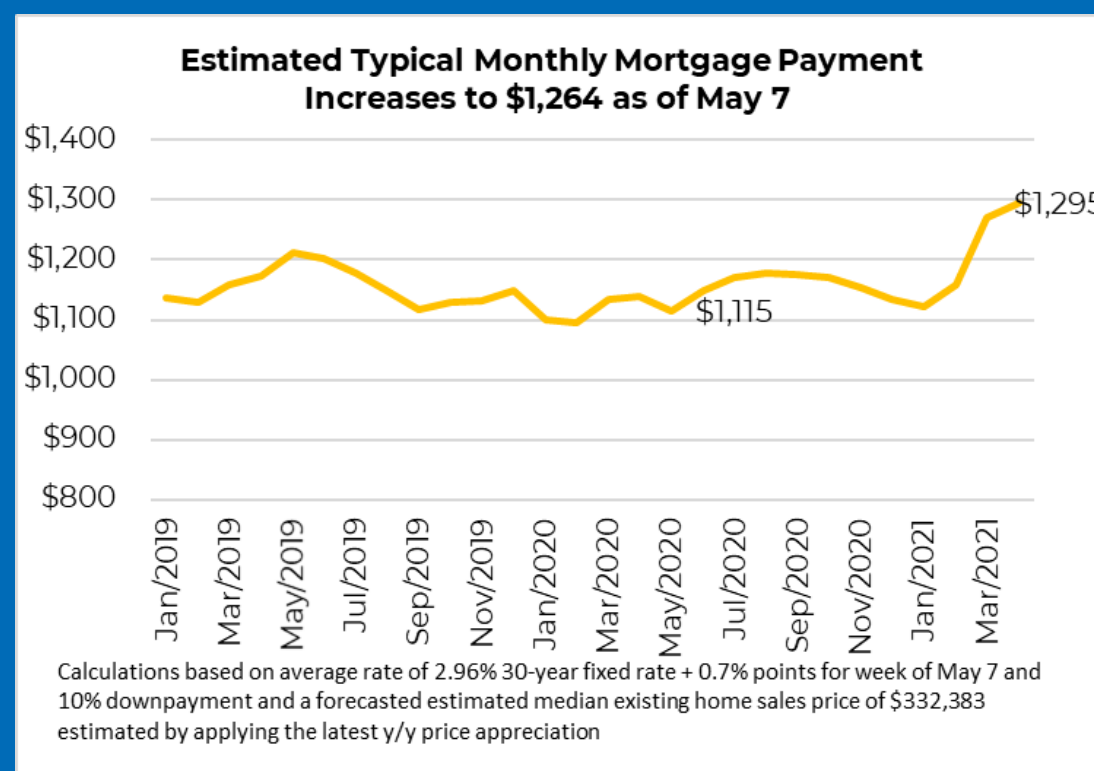
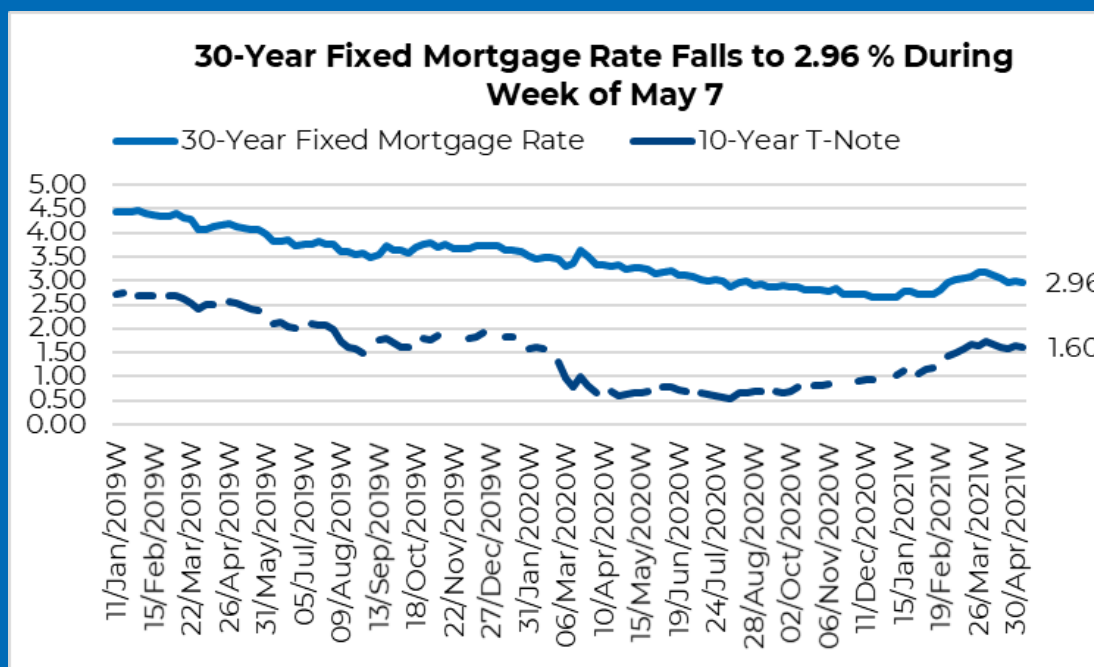
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30-Year Mortgage Rate Falls to 2.96%; Estimated Mortgage Payment Rises to \$1,295

Freddie Mac's 30-year fixed mortgage rate fell to for the fifth straight week to 2.96% in the week of May 7 as 10-year T-Note fell to 1.60%. Chief Economist Lawrence Yun expects the 30-year fixed mortgage rate to average 3.2% in 2021 as inflation picks up to 2.7%.

Mortgage applications on a seasonally adjusted annual rate for a home purchase were up nearly 24% from one year ago in the week of April 30 but were slightly down 2.5% from the prior week.

With home prices up by 17.2% as of March, NAR estimates that for a typical home purchased in April, the typical estimated monthly mortgage payment at 10% down payment is \$1,295, which is \$148 more than the monthly mortgage payment one year ago.



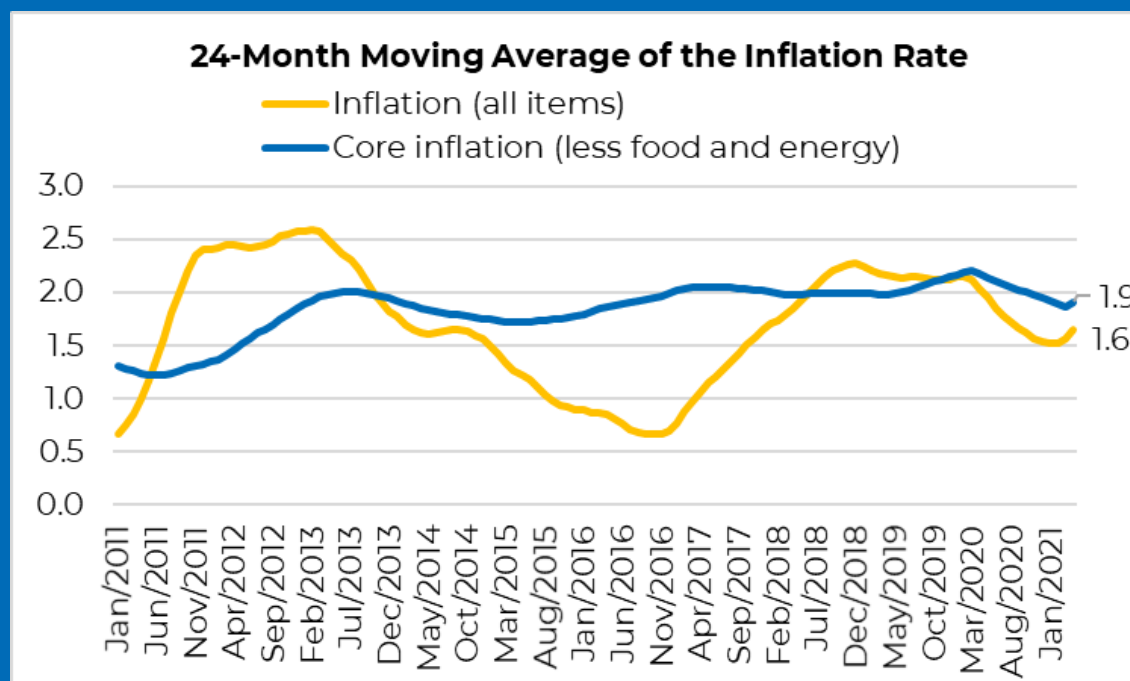
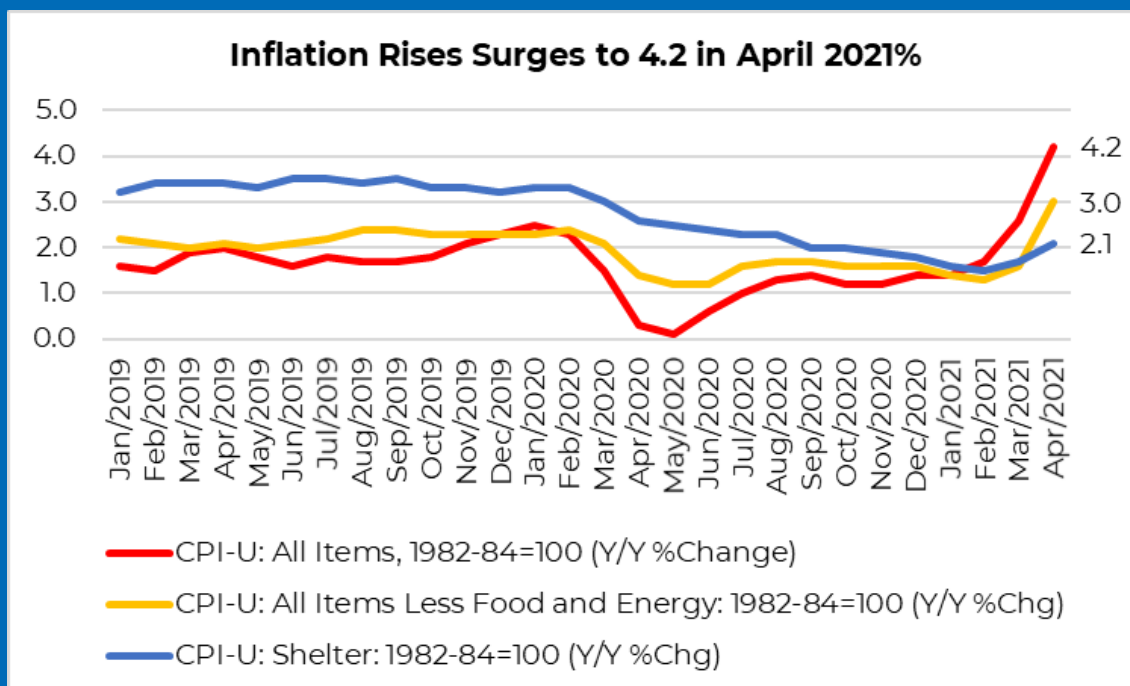
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Inflation Rate Surges to 4.2% in April 2021

The inflation rate (all items) surged to a jaw-dropping 4.2% in April 2021 due to rising energy and transportation prices. Energy prices rose 25% while transportation prices rose 5.6% due to rising oil prices. The spot price for West Texas Intermediate rose to \$61.7/barrel in April after plummeting to \$16.6 one year ago at the nadir of the pandemic. Oil prices have been rising with rising global demand as the global economy recovers from the pandemic.

Core inflation rate, which strips out prices of food and energy, also rose to 3%.

The Federal Open Market Committee has adopted an average inflation target in setting monetary policy. It has not defined the window of time to calculate the average. But on a 2-year rolling window, the average inflation rate (headline) is now at 1.9% which is near the 2% inflation target. This higher inflation rate will likely raise mortgage rates as investors anticipate the Fed will start to put the brakes on the easy monetary policy.



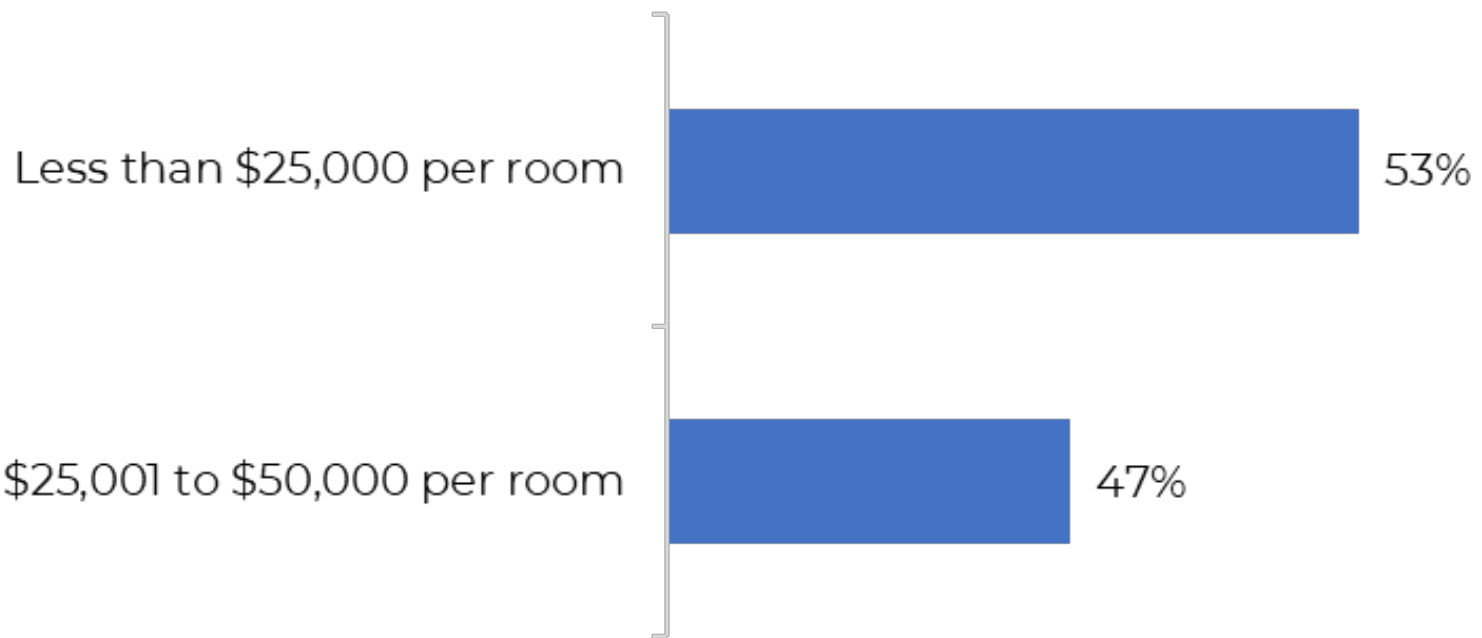
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Conversion of Hotels/Motels into Multifamily Housing

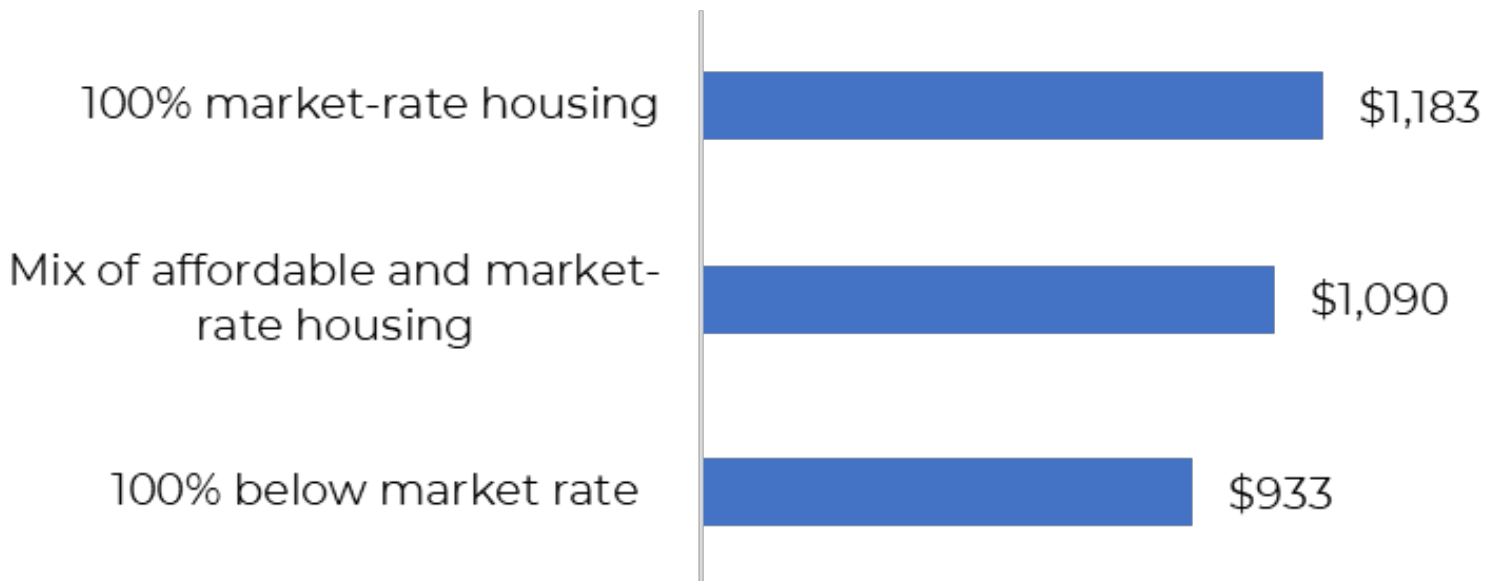
The conversion of vacant hotels/motels is one way to help ease the housing shortage, according to NAR's report [Conversion of Hotels/Motels into Multifamily Housing](#).

NAR commercial members who were engaged in such conversions provided information on 29 conversions. About half of the hotels/motels were acquired at a cost of \$50,000 /room and converted at a cost of \$25,000 /room. The average rent after conversion was \$1,090.

Conversion Cost/Room of Hotel/Motel



Average Rent Charged After Conversion of Hotel/Motel



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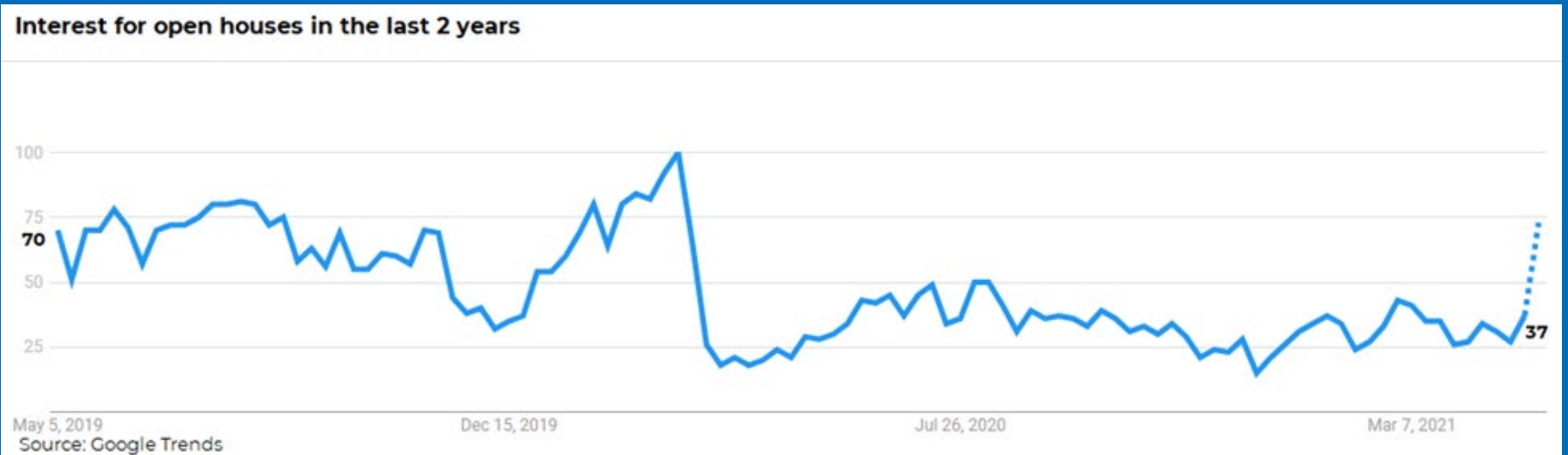
NAR conducted secondary research on five hotels/motels that were converted into multifamily housing. The case studies show conversions can be purely done by private financing. The Low- Income Housing Tax Credit (LIHTC), Historic Tax Credit (HTC), and tax abatement were the sources of federal/local funding.

Name of Hotel/Motel	Year Converted	Number of Hotel Rooms	Rent charged after conversion	Financing
Residence Inn by Marriott (Winston-Salem, North Carolina)	2020	88	\$975	Private
Days Inn (Branson, Missouri)	2020	341	\$495	Private
Luna Lodge (Albuquerque, New Mexico)	2012	28	\$507	Public/private
Red Lion (Kissimmee, Florida)	2020	339	\$850	Private
Ann River Motel (Mora, Minnesota)	2017	23	\$495	Private

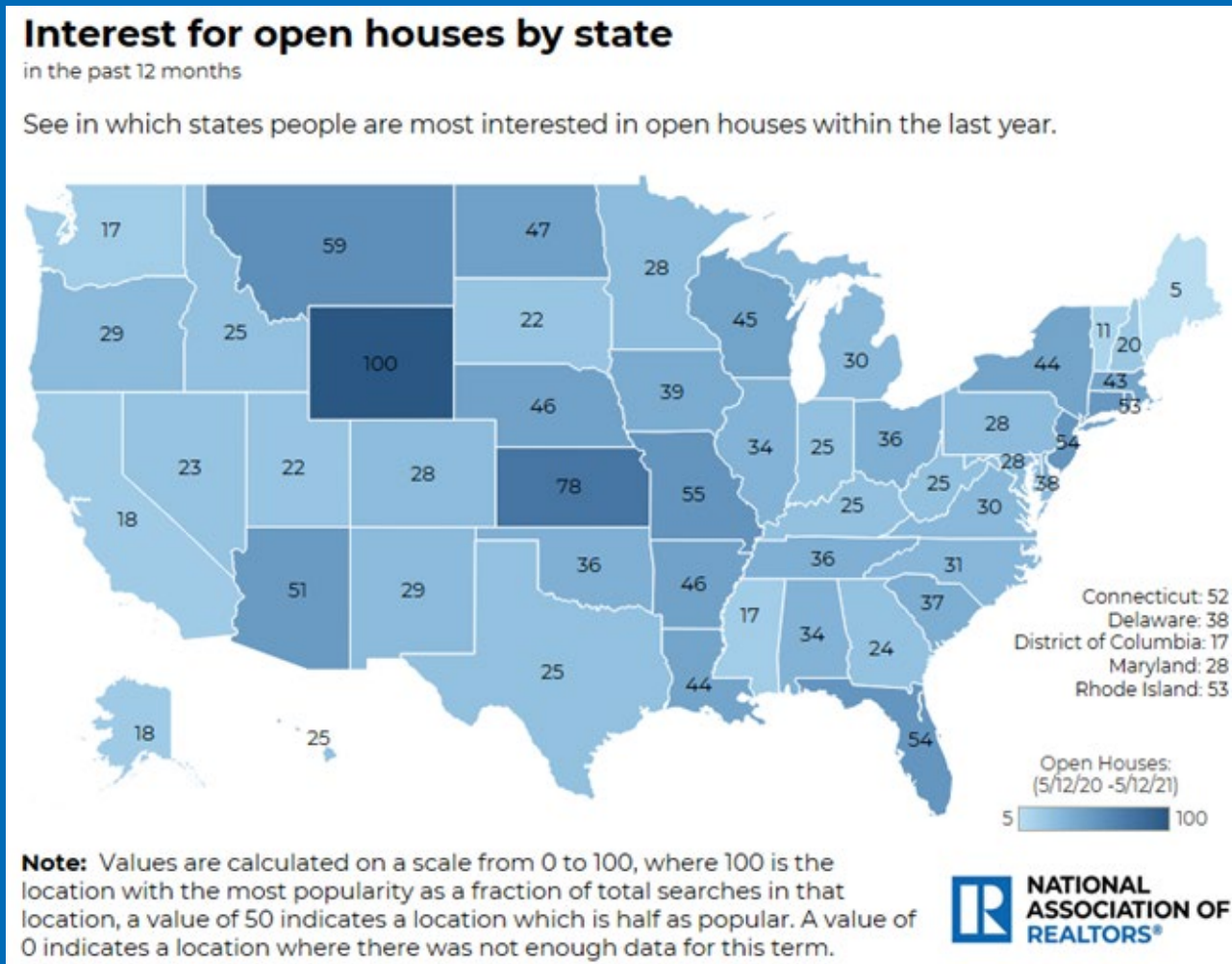
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Open Houses

Slightly more people are searching to attend an in-person open house. Specifically, public interest for in-person open houses is 2% higher than a year earlier. Nevertheless, fewer people are looking for open houses by compared to the same period 2 years earlier. This indicates that would be homebuyers and REALTORS® are adapted to the latest technology trends having a virtual tour instead of the traditional in-person open houses.



At the local level, interest is relatively stronger in Wyoming, Kansas and Montana.



[For more information on the latest residential, commercial, and market trends, read the Economists' Outlook Blog.](#)

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