

Residential Real Estate Market Snapshot Report

April 2024

National Association of REALTORS®
Research Group



Overview

The residential real estate market exhibited signs of improvement in February 2024, with most housing indicators suggesting a promising outlook for the remainder of the year.

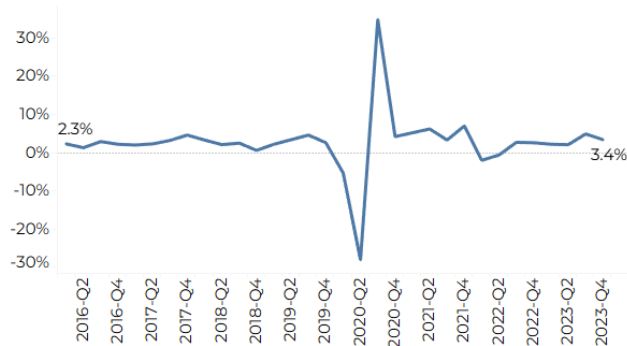
Existing-home sales experienced the largest monthly increase since February 2023, despite the overall trajectory of decreased sales. In addition, while registering year-over-year decreases in all U.S. regions, the Pending Home Sales Index (PHS), a leading indicator of housing contract activity, also grew in February. The growing supply of homes is stimulating market activity, while demand remains strong, driven by solid job growth. However, despite this positive movement, home sales continue to be lower compared to a year ago. These fluctuations reflect the housing market's response to the broader economic environment, including factors such as mortgage rates and overall economic conditions.

From a broad economic perspective, although the short-term interest rate wasn't changed in the Federal Reserve's meeting, the 10-year Treasury yield increased further during the second month of the year. Nevertheless, with multiple rate cuts to follow by the Fed, NAR predicts that the 10-year Treasury Yield will lower throughout the year, which will present favorable conditions for borrowers. In addition, inflation may not have yet reached the Federal Reserve's goal of 2%, but it's considerably lower than the previous year.

February's notable increase in employment is an important indicator to watch, as job additions build up the long-term demand for housing. In terms of housing supply, new listings marked the largest annual gain since 2021 and the U.S. Census Bureau reported increases in both housing starts and building permits.

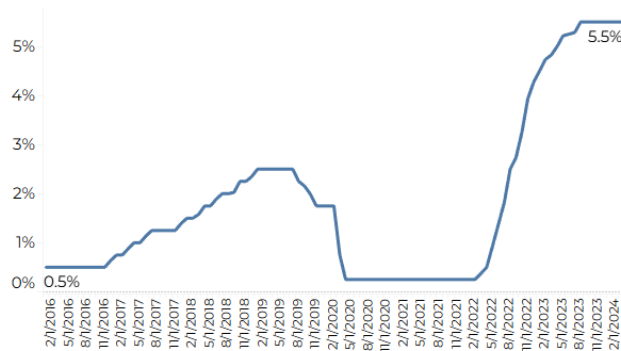
Economic Activity

Gross Domestic Product



Percent Change, Annualized Rate
Source: Bureau of Economic Analysis

Interest Rates



Effective Federal Funds Rate, Upper Limit
Source: Federal Reserve Board

Q4 2023: **3.4%**

Q3 2023: **4.9%**

Q4 2022: **2.6%**

Real gross domestic product (GDP) increased at an annual rate of 3.4% in the fourth quarter of 2023, according to the third estimate of the Bureau of Economic Analysis (BEA). The increase primarily reflected increases in consumer spending, exports, as well as state and local government spending. Imports, which are a subtraction in the calculation of GDP, increased as well.

Feb 2024: **5.5%**

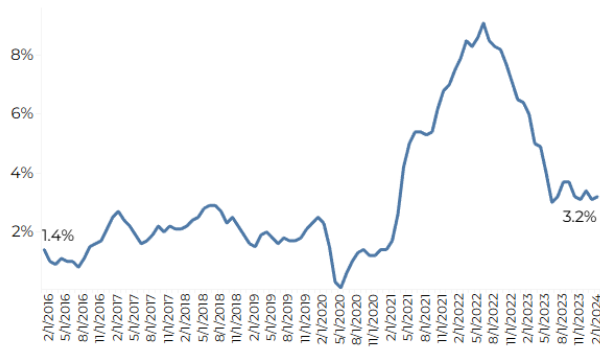
Jan 2024: **5.5%**

Feb 2023: **4.7%**

The Federal Reserve did not alter its short-term interest rate in February, keeping it at 5.5% since August 2023. However, several rate cuts are expected later in the year. During the COVID-19 lockdown, the Federal Funds Rate was near 2%.

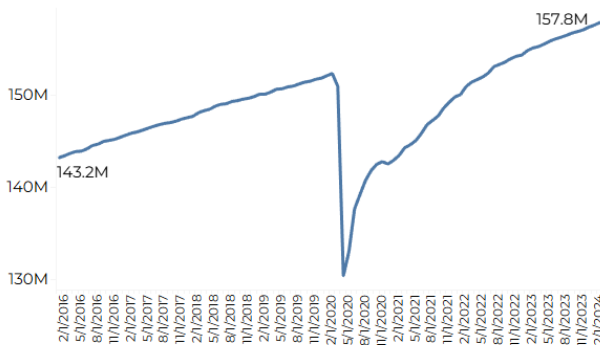
Economic Activity

Inflation



CPI Year/Year Percent Change, Seasonally Adjusted
Source: Bureau of Labor Statistics

Employment



Payroll Employment, Seasonally Adjusted
Source: Bureau of Labor Statistics

Feb 2024: **3.2%**

Jan 2024: **3.1%**

Feb 2023: **6.0%**

Consumer prices have been rising at a slower rate than in most of the last three years, but they are still above the Federal Reserve's desired target of 2%. In February, CPI rose by 3.2%. The main component keeping inflation above target is housing/shelter, which decelerated to 5.7% last month.

Feb 2024: **157.8 million**

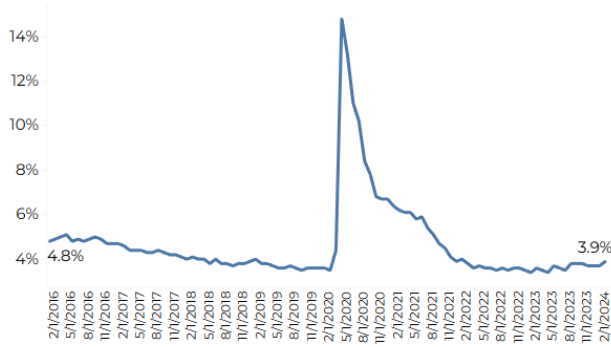
Jan 2024: **157.5 million**

Feb 2023: **155.1 million**

In February, a total of 275,000 nonfarm payroll jobs were added, above the average monthly gain of 230,000 over the last 12 months. Job gains occurred in healthcare, government, food and drinking services, social assistance, and transportation and warehousing.

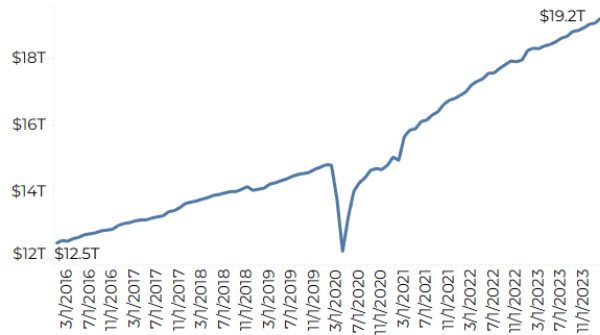
Economic Activity

Unemployment



Unemployment Rate, Seasonally Adjusted
Source: Bureau of Labor Statistics

Consumer Spending



Personal Consumption Expenditures, Seasonally Adjusted
Source: Bureau of Economic Analysis

Feb 2024: **3.9%**

Jan 2024: **3.7%**

Feb 2023: **3.6%**

The unemployment rate rose by 0.2 percentage points to 3.9% in February, and the number of unemployed people increased by 334,000 to 6.5 million. The same month last year, the unemployment rate stood at 3.6%, and the number of unemployed people was 6.0 million.

Feb 2024: **\$19.2 trillion**

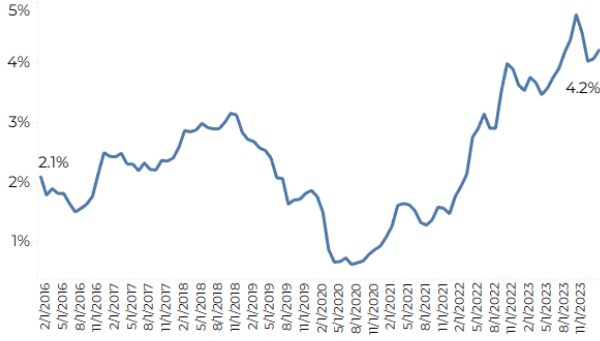
Jan 2024: **\$19.0 trillion**

Feb 2023: **\$18.3 trillion**

In February, personal consumption expenditures increased 0.8%. The \$145.5 billion increase in spending reflected an increase of \$111.8 billion in spending for services and a \$33.7 billion increase in spending for goods.

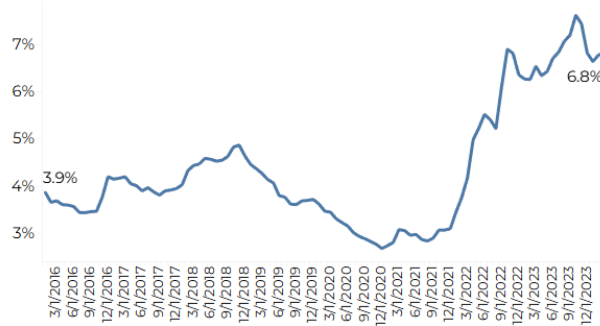
Economic Activity

10-Year Treasury Yield



Percent
Source: U.S. Treasury

Mortgage Rates



30-Year Fixed Mortgage Rate, Monthly Averages
Source: Federal Home Loan Mortgage Corporation

Feb 2024: **4.2%**
Jan 2024: **4.1%**
Feb 2023: **3.8%**

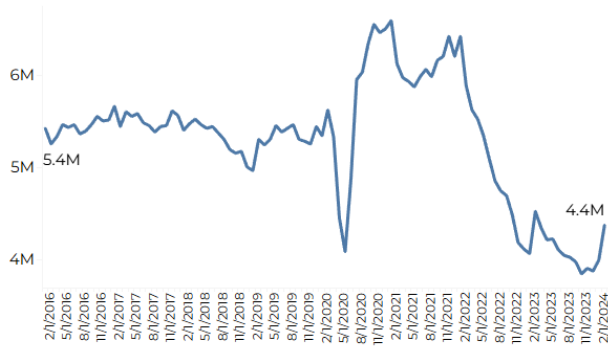
In February, the 10-year Treasury rate stood at 4.2%, an increase from the previous month's rate of 4.1%. NAR predicts that the yield will stay below 4% for the remainder of the year, presenting favorable conditions for borrowers.

Feb 2024: **6.8%**
Jan 2024: **6.6%**
Feb 2023: **6.3%**

Mortgage interest rates rose in February, averaging 6.8% for the month. Although still below the rates seen in the fall of 2023, this increase impacts the flow of new home buyers into the spring market.

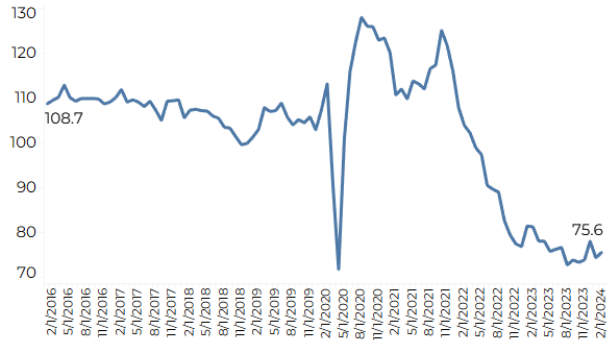
Housing Market

Existing Home Sales



Annualized
Source: NAR

Pending Home Sales



PHS Index, Seasonally Adjusted
Source: NAR

Feb 2024: **4.4 million**
Jan 2023: **4.0 million**
Feb 2023: **4.5 million**

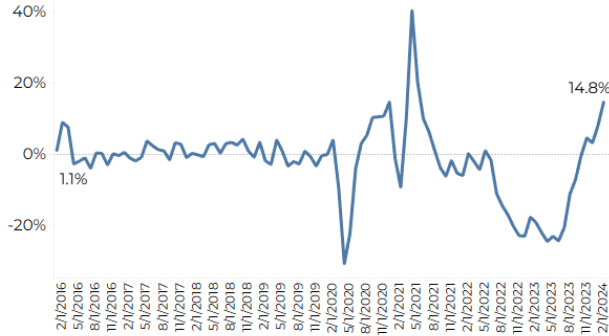
Existing-home sales surged 9.5% in February to a seasonally adjusted annual rate of 4.4 million, the largest monthly increase since February 2023. Among the four regions, sales jumped in the West, South, and Midwest and were unchanged in the Northeast. Year-over-year, sales declined 3.3%.

Feb 2024: **75.6**
Jan 2024: **74.4**
Feb 2023: **81.3**

The Pending Home Sales Index (PHSI) increased to 75.6 in February by 1.6% compared to the previous month. The Midwest and South posted monthly gains in transactions, while the Northeast and West recorded losses. Year-over-year pending transactions were down 7.0%.

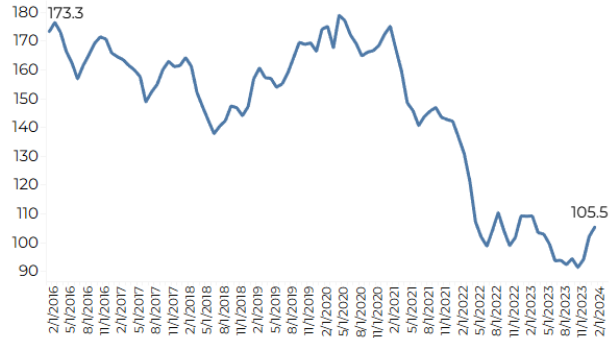
Housing Market

New Listings



Year/Year Percent Change in New Listings, Seasonally Adjusted
Source: Redfin, NAR Calculations

Housing Affordability



HAI Index, Seasonally Adjusted
Source: NAR

Feb 2024: **14.8%**

Jan 2023: **8.2%**

Feb 2023: **-19.1%**

In February 2024, new listings experienced a notable year-over-year increase of 14.8%, compared to 8.2% in the prior month. This marks the largest annual gain in listings since May 2021.

Jan 2024: **105.5**

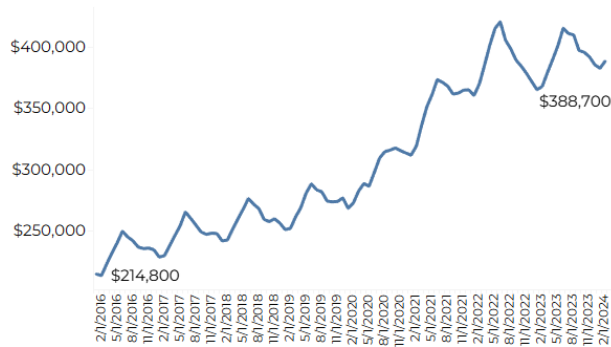
Dec 2023: **102.2**

Jan 2023: **109.2**

Housing affordability continued to improve in January compared to the prior month, yet it remained below the fixed index of 109.2 recorded a year ago. The recently recorded national index was above 100, which means that a family with a median income has more than the income required to afford a median-priced home.

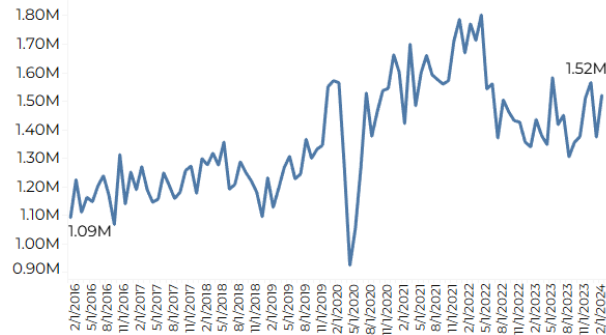
Housing Market

Median Sales Price



Existing Single-Family Homes
Source: NAR

Housing Starts



Annualized
Source: Census Bureau

Feb 2024: **\$388,700**

Jan 2024: **\$382,900**

Feb 2023: **\$368,100**

The median sales price of single-family homes increased to \$388,700 in February, still surpassing the \$368,100 median price for a year earlier.

Feb 2024: **1.52 million**

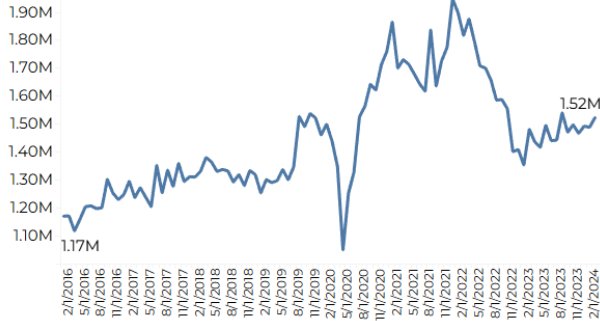
Jan 2024: **1.37 million**

Feb 2023: **1.44 million**

In February, privately owned housing construction surged to a seasonally adjusted annual rate of 1.52 million. This represents a substantial 10.7% increase over the revised January estimate of 1.37 million and a 5.9% rise compared to housing starts recorded in February 2023. Overall, this could reflect continued growth in the housing market over the next quarters.

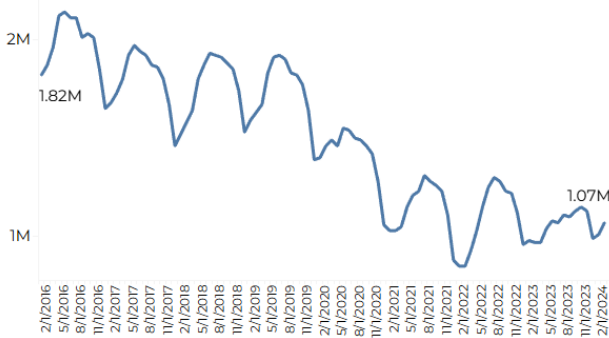
Housing Market

Building Permits



Seasonally Adjusted
Source: Census Bureau, Haver Analytics

Inventory



Total Existing Home Sales Available for Sale, Unadjusted
Source: NAR

Feb 2024: **1.52 million**
Jan 2024: **1.49 million**
Feb 2023: **1.48 million**

Privately-owned housing units authorized by building permits in February were at a seasonally adjusted annual rate of 1.52 million. This is higher than the revised January rate of 1.49 million and above the February 2023 rate of 1.48 million.

Feb 2024: **1.07 million**
Jan 2024: **1.01 million**
Feb 2023: **0.96 million**

February's inventory of unsold listings was up 5.9% from last month. Compared with last year, inventory levels were up 10.3%. Demand is currently outpacing inventory.

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NATIONAL ASSOCIATION OF REALTORS®

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