

Residential Real Estate Market Snapshot Report

September 2024

National Association of REALTORS®
Research Group



Overview

Housing Market in August 2024

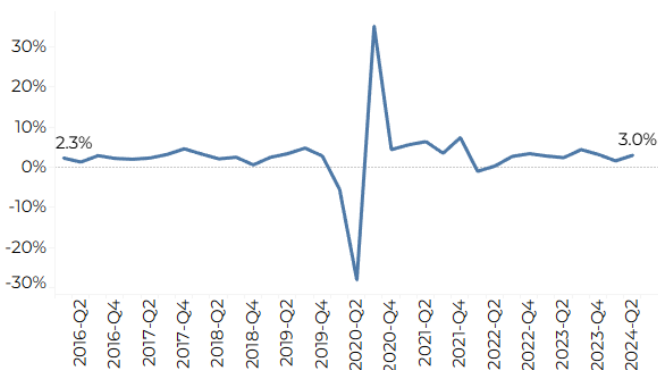
Recent developments in the housing market offer an optimistic outlook for the coming months. In anticipation of the Federal Reserve's rate cut, mortgage rates fell below 6.4% by the end of August. The combination of lower mortgage rates, along with a steadily increasing inventory, is expected to boost sales soon. Notably, pending home sales, a leading indicator of future home sales transactions - rose this month, signaling improvements in housing affordability and a positive response from buyers to lower borrowing costs. Median home prices have also increased and are expected to continue rising as mortgage rates decline.

What's especially notable is the steady improvement in housing inventory since the beginning of the year. With construction jobs increasing at a rate higher than the average monthly gain over the past 12 months, the market is experiencing more building permits and housing starts. This trend is expected to further enhance housing affordability. However, it will take several years for the housing supply to align with job growth and overall market demand.

Inflation reached 2.5%, edging closer to the Federal Reserve's target rate of 2%. As the market transitions out of summer, the 10-year Treasury yield and mortgage rates are laying the groundwork for rate cuts in the Federal Funds Rate in the following months. Overall, with an increase in housing supply and favorable borrowing conditions, the market is expected to attract more homebuyers this fall.

Economic Activity

Gross Domestic Product



Percent Change, Annualized Rate
Source: Bureau of Economic Analysis

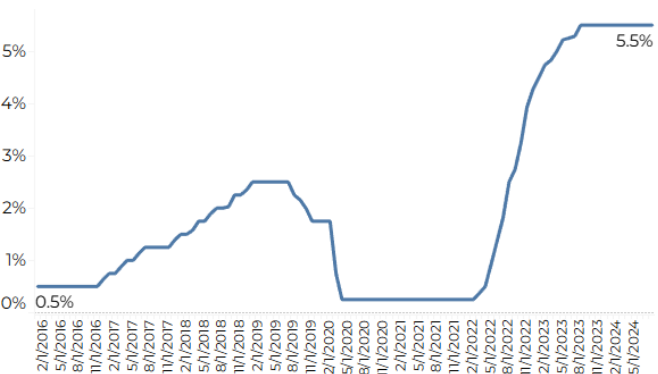
Q2 2024: **3.0%**

Q1 2024: **1.6%**

Q2 2023: **2.4%**

The economy grew at a faster rate in the second quarter of the year. According to the “third” estimate from the Bureau of Economic Analysis (BEA), the real gross domestic product (GDP) increased by 3.0% in Q2 2024, up from a 2.4% increase in the second quarter of 2023.

Interest Rates



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

August 2024: **5.5%**

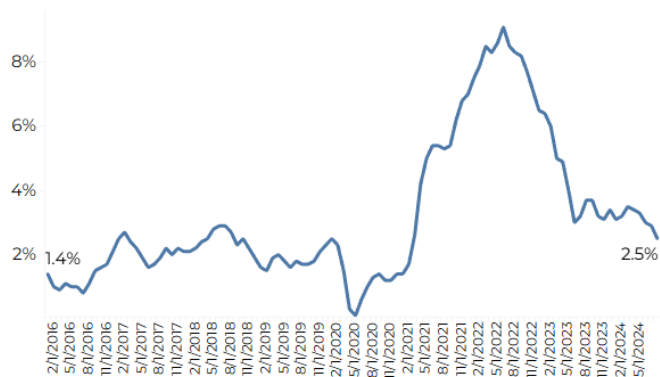
July 2024: **5.5%**

August 2023: **5.5%**

The Federal Reserve maintained its short-term interest rate at 5.5% in August 2024, unchanged since August 2023. With inflation edging closer to the 2% average target, the Federal Reserve is expected to cut its rates multiple times in the coming months.

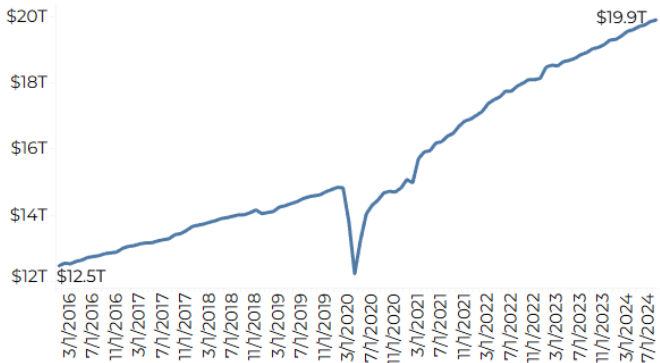
Economic Activity

Inflation



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

Consumer Spending



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

August 2024: **2.5%**

July 2024: **2.9%**

August 2023: **3.7%**

Consumer prices rose by 2.5% in August, bringing them even closer to the Fed's 2% target rate and setting them to start the rate-cutting process in September. Shelter costs accelerated to 5.2%, higher than the previous month, and were the main factor in the all-items increase.

August 2024: **\$19.9 trillion**

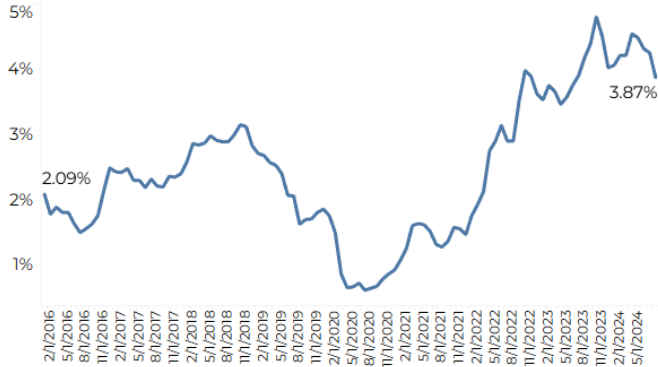
July 2024: **\$19.8 trillion**

August 2023: **\$18.9 trillion**

Personal consumption expenditures increased further in August by 0.2%. The \$47.2 billion increase in current-dollar spending reflected an increase of \$54.8 billion in spending on services and a decrease of \$7.6 billion in spending on goods.

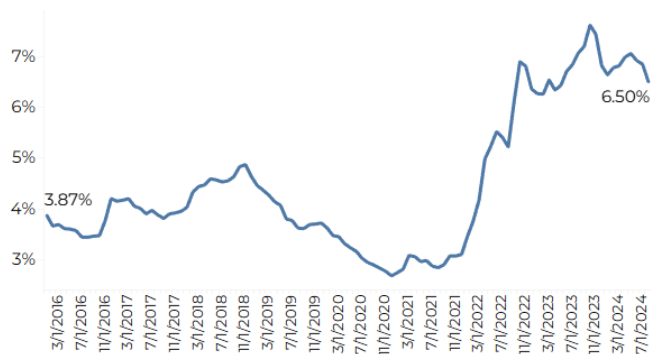
Economic Activity

10-Year Treasury Yield



Percent
Source: U.S. Treasury

Mortgage Rates



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

August 2024: **3.87%**

July 2024: **4.25%**

August 2023: **4.17%**

The 10-year Treasury rate substantially fell from the previous month, hovering around 3.87%. With the expected rate cuts by the Federal Reserve in September, NAR predicts that the yield will continue to hover below 4.0% for the remainder of the year.

August 2024: **6.50%**

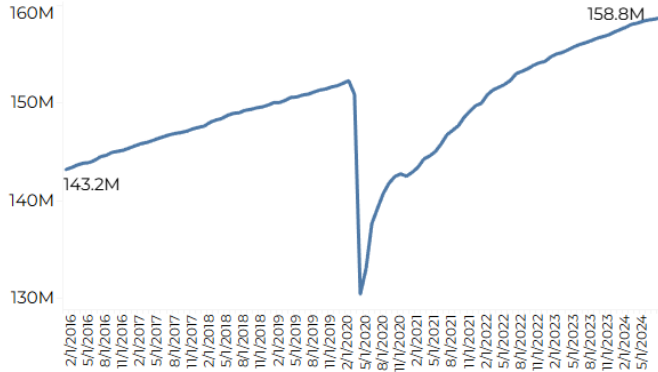
July 2024: **6.85%**

August 2023: **7.07%**

Mortgage rates fell further to 6.50% in August, remaining below last year's average. As a result, mortgage loan applications continue to go up. While the Federal Funds rate cut is expected, mortgage rates should remain in the 6% range.

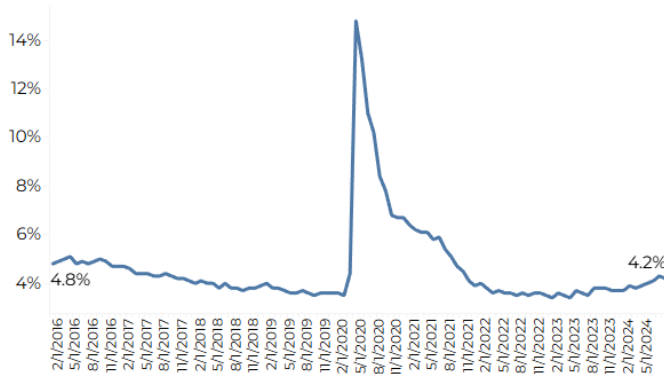
Employment Situation

Employment



Payroll Employment, Seasonally Adjusted
Source: Bureau of Labor Statistics

Unemployment



Unemployment Rate, Seasonally Adjusted
Source: Bureau of Labor Statistics

August 2023: **158.8 million**
July 2024: **158.6 million**
August 2023: **156.4 million**

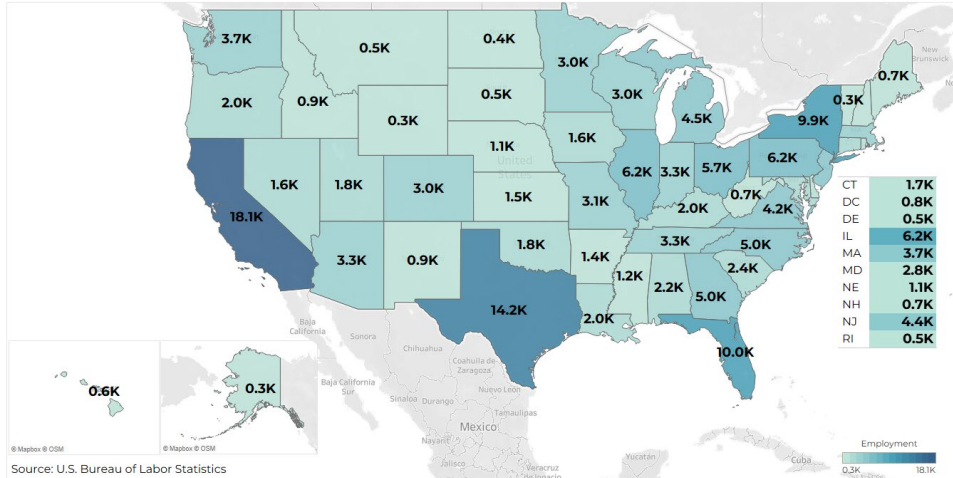
The U.S. labor market rose by 142,000 in August. The increase was in line with average job growth in recent months but was below the average monthly gain of 202,000 over the past 12 months. Construction employment rose by 34,000, higher than the average monthly gain of 19,000 over the prior 12 months.

August 2024: **4.2%**
July 2024: **4.3%**
August 2023: **3.8%**

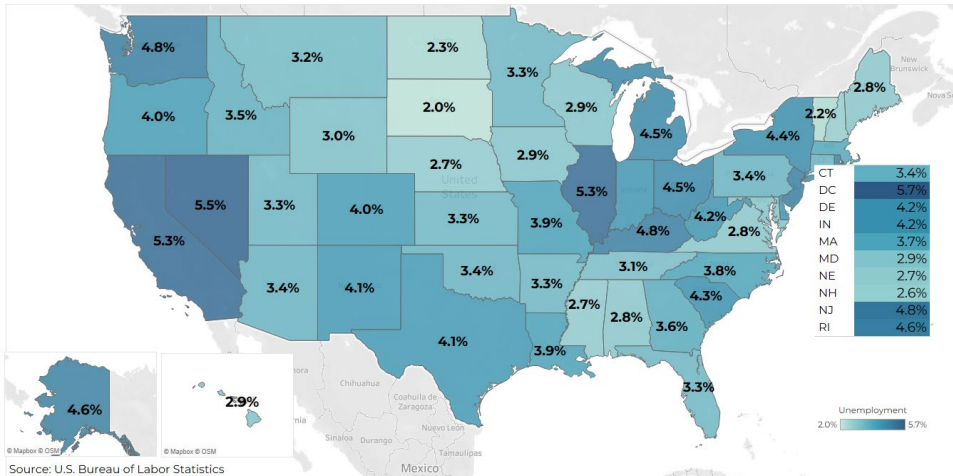
The August unemployment rate changed very little at 4.2%, and the number of unemployed people was 7.1 million. A year earlier the jobless rate was 3.8% and the number of unemployed people was 6.3 million.

Employment Situation

State Employment August 2024



Unemployment as of August 2024

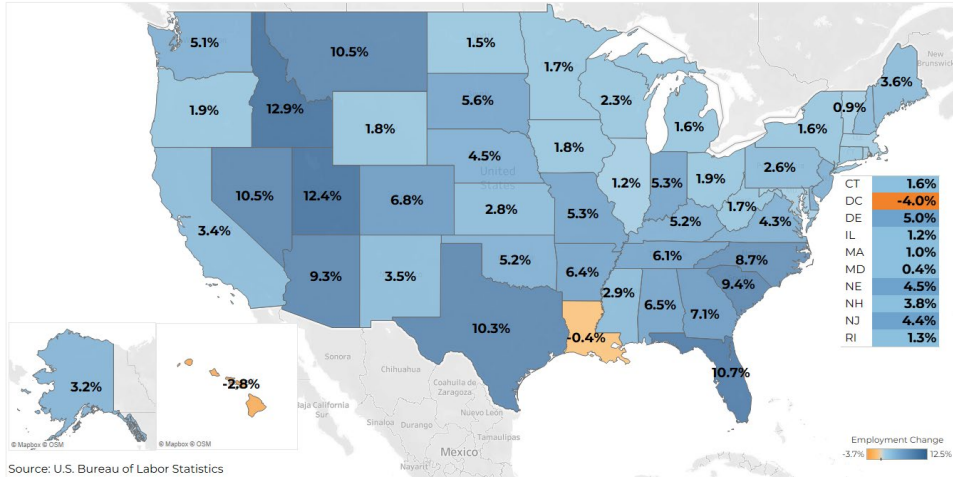


Thirty-seven percent of all jobs are concentrated in the five largest states: California (18.1K), Texas (14.2K), Florida (10.0K), New York (9.9K), and Pennsylvania (6.2K). Despite their dominance in the job market, employment growth has been more rapid in several smaller states. Over the past 12 months, Missouri (3.3%), Montana (3.3%), and South Carolina (3.1%) have each experienced job growth exceeding 3%, outpacing many of the larger states.

Sixteen out of the fifty states (and the District of Columbia) had an unemployment rate equal to or higher than the national average of 4.2%. Leading in the rate of unemployment were the District of Columbia (5.7%), Nevada (5.5%), and Illinois (5.3%). Despite having the largest number of jobs, California had a high unemployment rate of 5.3%. The lowest rate was recorded in South Dakota (2.0%).

Employment Situation

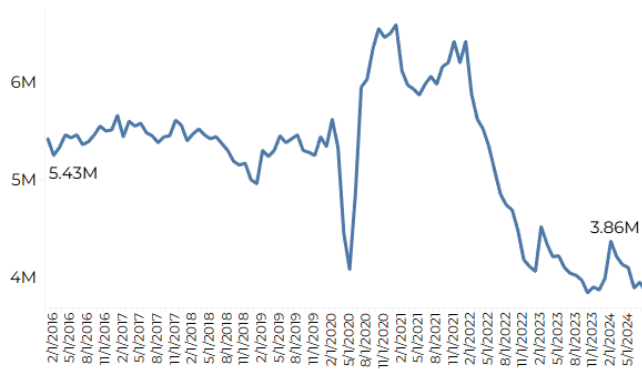
Employment % Change from pre-COVID-19 to August 2024



The employment situation has undergone significant changes and challenges since the onset of the pandemic. Between March 2020 and August 2024, the largest gains in employment were recorded in Idaho (12.9%), Utah (12.4%), and Florida (10.7%). Concurrently, the smallest gains were seen in the states of Maryland (0.4%), Vermont (0.9%), and Massachusetts (1%). However, the District of Columbia (-4.0%), Hawaii (-2.8%), and Louisiana (-0.4%) haven't recovered the jobs that were lost during the pandemic. These areas continue to have fewer jobs than in March of 2020.

Housing Market

Existing Home Sales



Annualized
Source: NAR

Pending Home Sales



PHS Index, Seasonally Adjusted
Source: NAR

August 2024: **3.86 million**
July 2024: **3.95 million**
August 2023: **4.03 million**

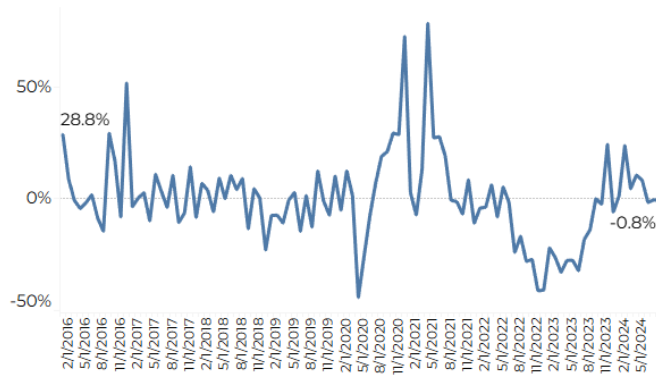
August home sales reached a 3.86 million seasonally adjusted annual rate, a 2.5% decline from the previous month and a 4.2% decline from one year ago. Compared to July 2024, three of the four regions experienced a drop in home sales activity, while the Midwest had no gains.

August 2024: **70.6**
July 2024: **70.2**
August 2023: **72.8**

In August, pending home sales rose 0.6% from the previous month, reflecting a modest improvement in housing affordability. Month-over-month, contract signings rose in the Midwest, South, and West regions but dropped in the Northeast. According to NAR's Pending Home Sales Index (PHSI), an index of 100 is equal to the average level of contract activity in 2001, the first year to be analyzed.

Housing Market

New Listings

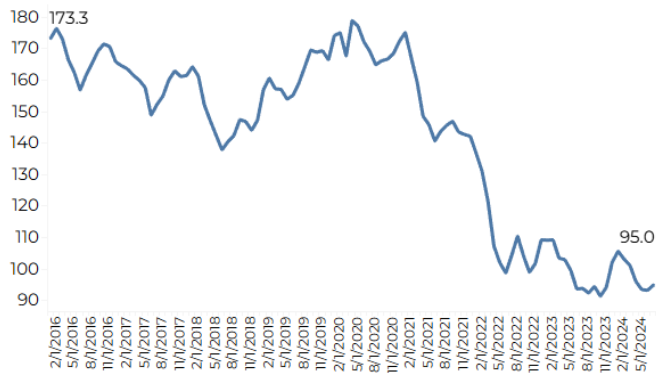


Year/Year Percent Change in New Listings
Source: NAR

August 2024: **-0.8%**
July 2024: **-0.5%**
August 2023: **-13.9**

In August, new listings decreased year-over-year by 0.8%, compared to 0.5% in the previous month and 13.9% one year ago. Despite this decline, year-to-date figures show a 5.1% increase in new listings compared to the same period last year. This has contributed to the continued rise in inventory since the beginning of the year.

Housing Affordability



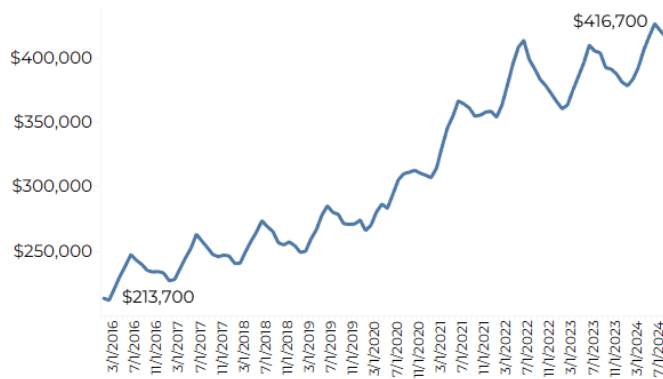
HAI Index, Seasonally Adjusted
Source: NAR

July 2024: **95.0**
June 2024: **93.3**
July 2023: **93.9**

According to NAR's Housing Affordability Index, housing affordability rose in July compared to the previous month. However, the index has been below 100 since April of 2024, which means that the typical family cannot afford to buy the median-priced home, because their income is below the qualifying threshold.

Housing Market

Median Sales Price

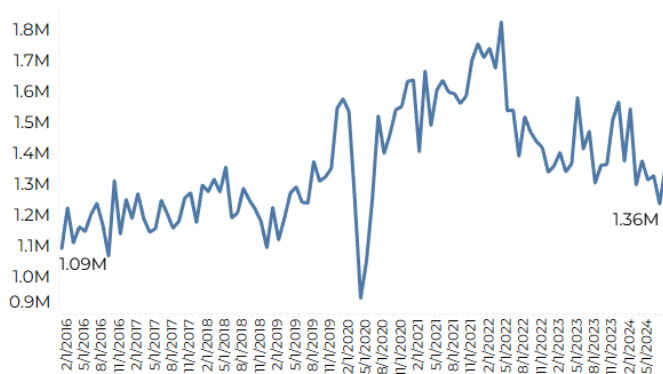


Existing Single-Family Homes
Source: NAR

August 2024: **\$416,700**
 July 2024: **\$421,400**
 August 2023: **\$404,200**

The median existing-home sale price for all housing types reached \$416,700 in August, up 3.1% from a year ago. Regionally, all four U.S. regions showed price increases from a year ago.

Housing Starts



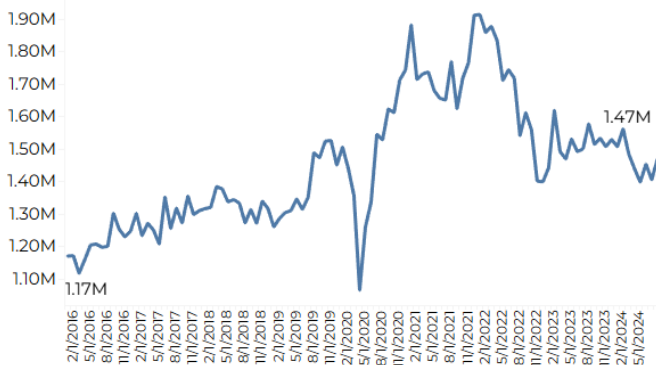
Annualized
Source: Census Bureau

August 2024: **1.36 million**
 July 2024: **1.24 million**
 August 2023: **1.31 million**

In August, privately owned housing starts were at a seasonally adjusted annual rate of 1.36 million. This is 9.6% above the revised July 2024 estimate and 3.9% above the August 2023 rate.

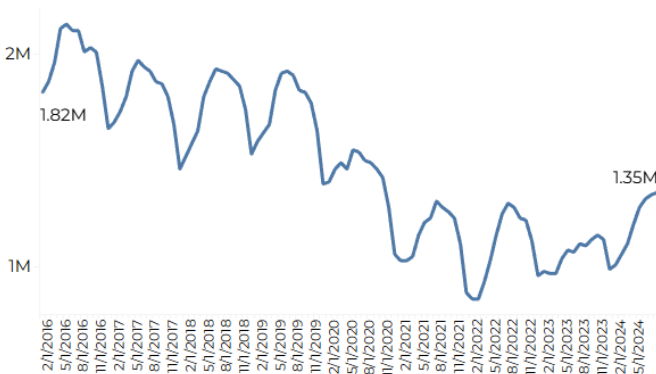
Housing Market

Building Permits



Seasonally Adjusted
Source: Census Bureau, Haver Analytics

Inventory



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

August 2024: **1.47 million**
July 2024: **1.41 million**
August 2023: **1.58 million**

Respectively, another measure of housing construction, building permits issued in August, increased to 1.47 million. The August rate of privately-owned housing units authorized for building was 4.6% above the revised July 2024 rate and 6.8% below the August 2023 rate.

August 2024: **1.35 million**
July 2024: **1.33 million**
August 2023: **1.10 million**

Inventory has been consistently increasing since the beginning of the year. In August, total housing inventory was 1.35 million units, up 0.7% from last month. Compared to August 2023, inventory levels were up 22.7%.

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