

Residential Real Estate Market Snapshot Report

October 2024

National Association of REALTORS®
Research Group



NATIONAL
ASSOCIATION OF
REALTORS®

Overview

The Housing Market in September 2024

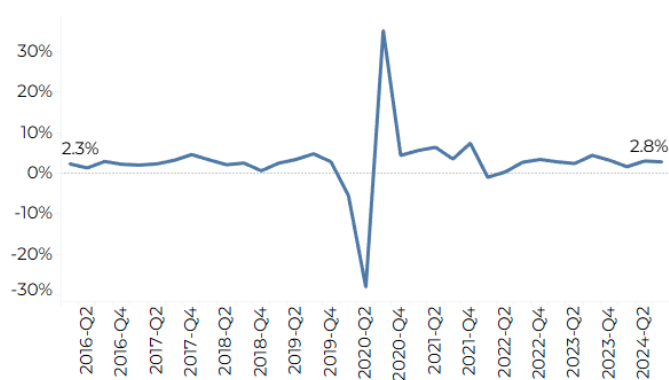
In the aftermath of the Federal Reserve's first rate cut since August 2023, both economic growth and inflation have decelerated, which led to another decline in mortgage rates. In September, mortgage interest rates fell further month-over-month, maintaining their level well below the historical average (since 1971) of 7.7%. Meanwhile, inventory has steadily increased since the beginning of the year, providing homebuyers with a wider range of options. This combination of lower mortgage rates and steadily increasing housing inventory is expected to attract more homebuyers to the market in the upcoming quarter.

Notably, two leading indicators are signaling an improvement in housing affordability. The Pending Home Sales Index, a leading indicator of home sales activity, rose to its highest level since March 2024. Similarly, the Mortgage Bankers Association Purchase Index, which tracks home-purchasing loan applications, also increased, suggesting that the market activity will increase in the next four to six weeks.

Despite a slight decrease in new residential construction, the construction industry added 25,000 workers in September. If the economy continues to add jobs in the construction industry, inflation decelerates further, and mortgage rates hold steady, housing inventory levels will grow. In addition, as the market transitions to the year's final quarter, the 10-year Treasury yield and mortgage rates present an optimistic outlook for homebuyers who were uncertain about entering the market. Overall, existing-home sales activity is projected to see growth in the coming months, while the median sales price gains are expected to decelerate, aligning with slowing inflation and additional housing supply.

Economic Activity

Gross Domestic Product



Percent Change, Annualized Rate
Source: U.S. Bureau of Economic Analysis

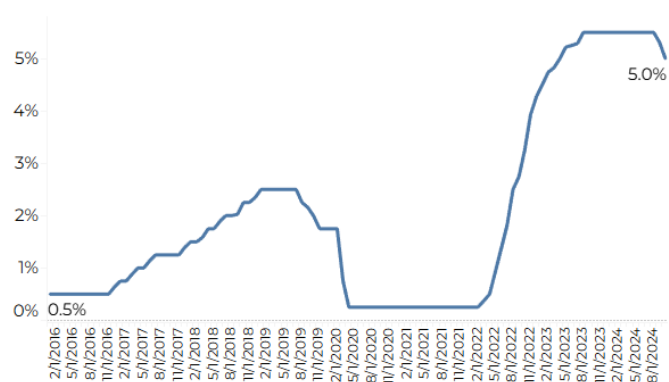
Q3 2024: **2.8%**

Q2 2024: **3.0%**

Q3 2023: **4.4%**

The economy grew at a slower rate in the third quarter of the year. According to the “advance” estimate from the Bureau of Economic Analysis (BEA), the real gross domestic product (GDP) increased by 2.8% in Q3 2024.

Interest Rates



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

September 2024: **5.0%**

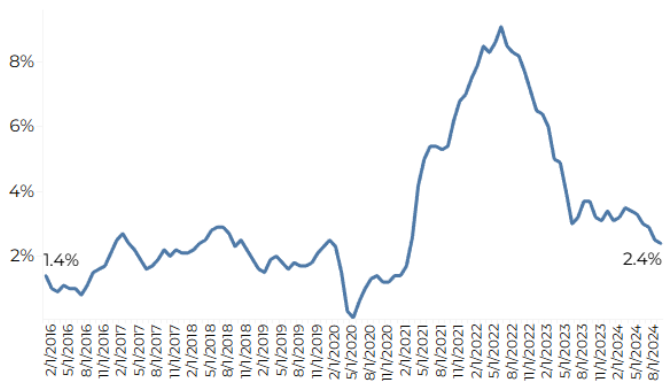
August 2024: **5.5%**

September 2023: **5.5%**

In September, the Fed cut its short-term Federal Funds Rate for the first time since August 2023. The half-point cut is the beginning of six to eight rounds of further rate cuts in 2025. The justification for the cut is cooling inflation and smaller job gains in recent months.

Economic Activity

Inflation



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

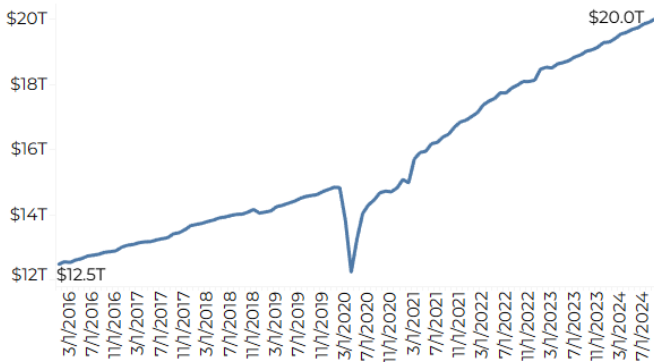
September 2024: **2.4%**

August 2024: **2.5%**

September 2023: **3.7%**

Consumer prices rose by 2.4% in September, as anticipated in the wake of the Federal Funds Rate cut. Shelter costs rose by 4.9% and, together with food, contributed to over 75% of the monthly all-items inflation increase.

Consumer Spending



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

September 2024: **\$20.0 trillion**

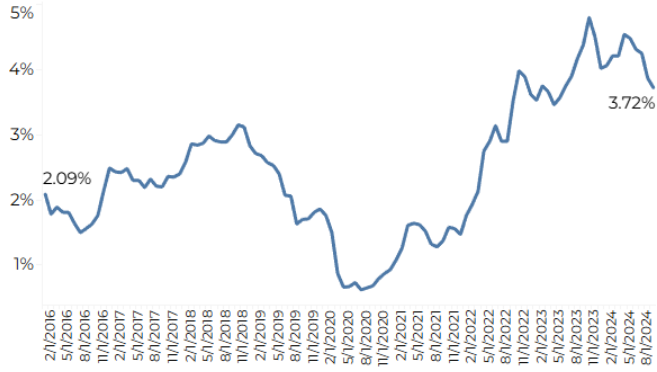
August 2024: **\$19.9 trillion**

September 2023: **\$19.0 trillion**

Personal consumption expenditures increased further in September by 0.5%. The \$105.8 billion increase in current-dollar spending reflected an increase of \$72.1 billion in spending for services and an increase of \$33.7 billion in spending for goods.

Economic Activity

10-Year Treasury Yield



Percent
Source: U.S. Treasury

September 2024: **3.72%**

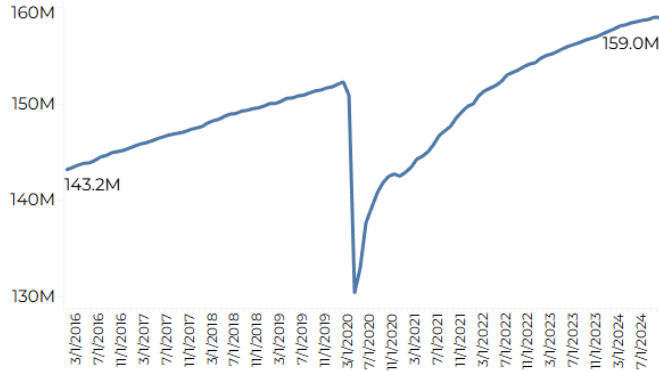
August 2024: **3.87%**

September 2023: **4.38%**

The 10-year Treasury rate experienced a slight decline from the previous month, hovering around 3.72%. Following one recent Federal Funds Rate cut and in anticipation of additional cuts, NAR predicts that the yield will remain below 4.0% for the remainder of the year.

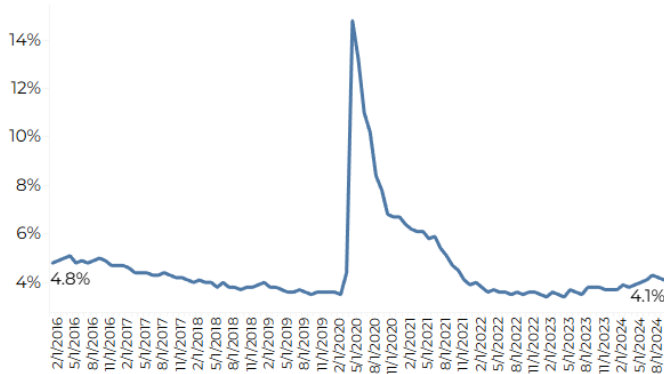
Employment Situation

Employment



Payroll Employment, Seasonally Adjusted
Source: U.S. Bureau of Labor Statistics

Unemployment



Unemployment Rate, Seasonally Adjusted
Source: U.S. Bureau of Labor Statistics

September 2024: **159.0 million**
August 2023: **158.8 million**
September 2023: **156.7 million**

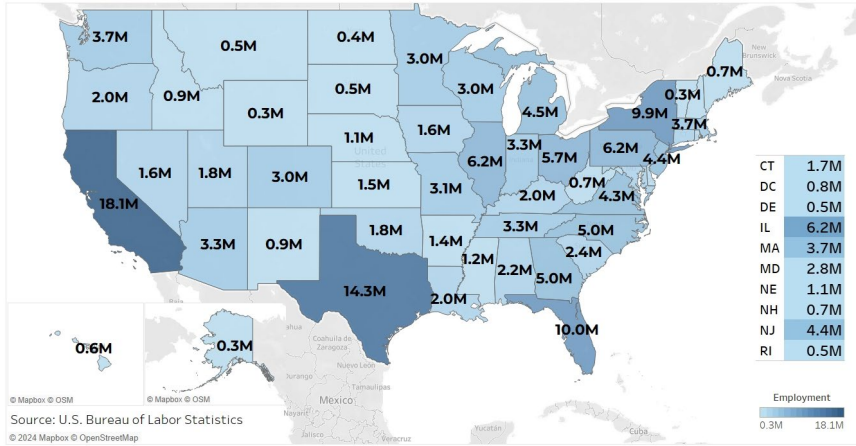
The U.S. labor market rose by 254,000 in September, higher than the average monthly gain of 203,000 over the last 12 months. Construction employment continued to trend up, adding 25,000 workers, just above the average monthly gain of 19,000 over the prior 12 months.

September 2024: **4.1%**
August 2024: **4.2%**
September 2023: **3.8%**

The September unemployment rate changed little at 4.1%, and the number of unemployed people was 6.8 million. A year earlier, the jobless rate was 3.8%, and the number of unemployed people was 6.3 million.

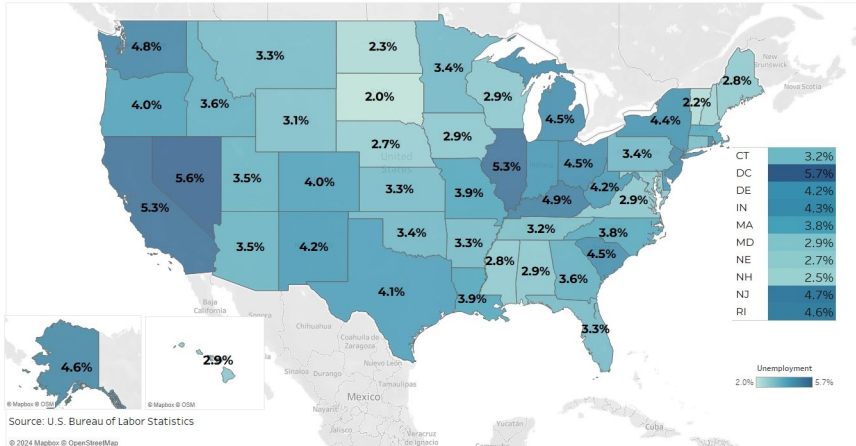
Employment Situation

State Employment September 2024



In September, 37% of all employees were concentrated in the five largest states: California (18.1 million), Texas (14.3 million), Florida (10.0 million), New York (9.9 million), and Pennsylvania (6.2 million).

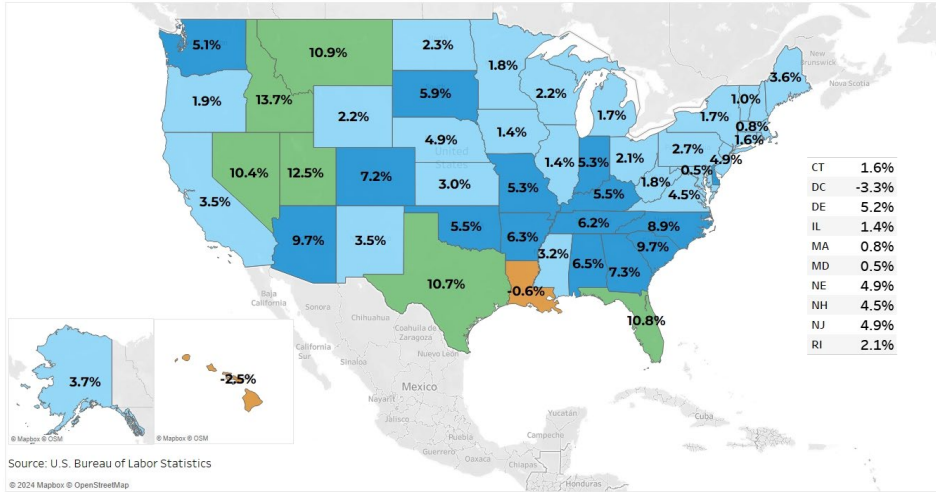
Unemployment as of September 2024



Thirty-four states reported an unemployment rate at or below the national average of 4.1%. The states with the lowest unemployment rates were South Dakota (2.0%), Vermont (2.2%), and North Dakota (2.3%). In contrast, the highest unemployment rates were recorded in the District of Columbia (5.7%), Nevada (5.6%), and California (5.3%).

Employment Situation

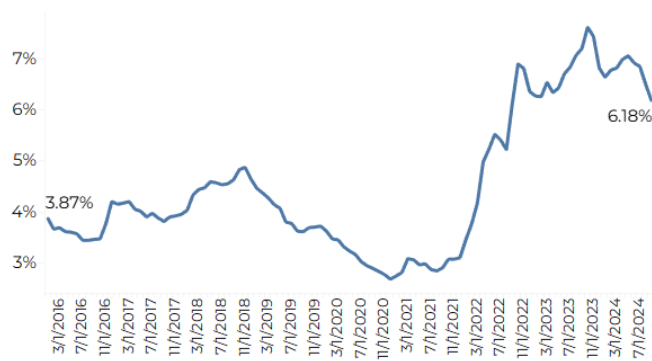
Employment % Change from pre-COVID-19 to September 2024



The employment situation has undergone significant changes and challenges since the onset of the pandemic. Between March 2020 and September 2024, Idaho (13.7%), Utah (12.5%), and Montana (10.9%) saw the largest gains in employment. Concurrently, the smallest gains were seen in the states of Maryland (0.5%), Massachusetts (0.8%) and Vermont (1%). However, the District of Columbia (-3.3%), Hawaii (-2.5%), and Louisiana (-0.6%) have yet to recover the jobs that were lost during the pandemic, with employment levels still below March 2020.

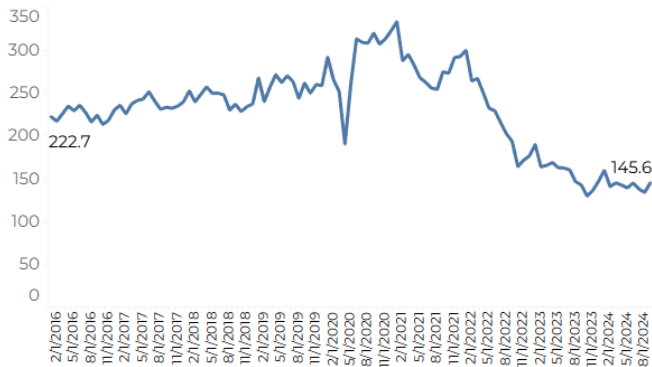
Housing Market

Mortgage Rates



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

Mortgage Purchase Index



MBA Purchase Index, Monthly Averages
Source: Mortgage Bankers Association of America, Haver Analytics

September 2024: **6.2%**
August 2024: **6.5%**
September 2023: **7.2%**

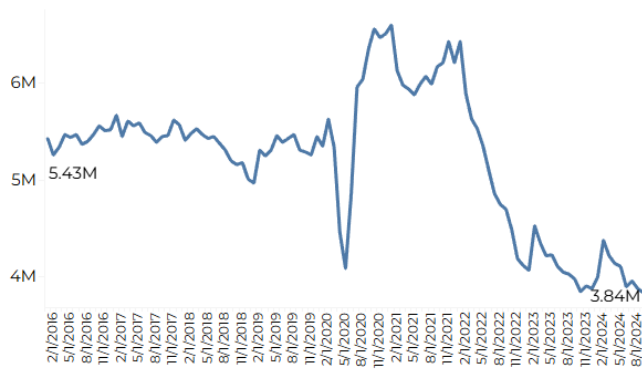
Mortgage rates declined further to 6.2% in September, staying significantly below the historical average of 7.7% since 1971. With additional Federal Funds Rate cuts expected in the coming months, mortgage rates are likely to remain in the 6% range.

September 2024: **145.6**
August 2024: **134.0**
September 2023: **142.8**

The Purchase Index, which measures mortgage applications for single-family home purchases and leads home sales by four to six weeks, rose to an average of 145.6 in September. This increase suggests stronger housing demand in the coming weeks. From 1990 to 2024, the Index averaged 247.6 points.

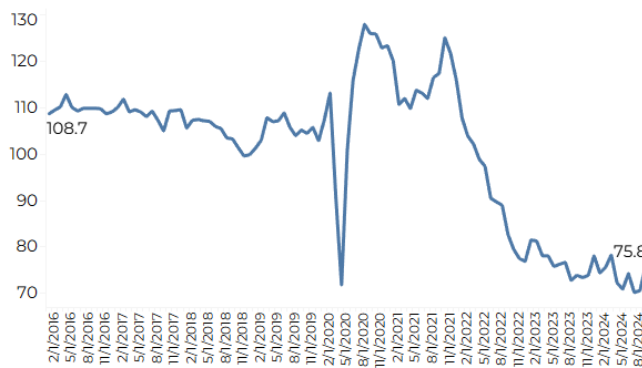
Housing Market

Existing Home Sales



Annualized
Source: National Association of REALTORS®

Pending Home Sales



PHS Index, Seasonally Adjusted
Source: National Association of REALTORS®

September 2024: **3.84 million**
August 2024: **3.86 million**
September 2023: **3.98 million**

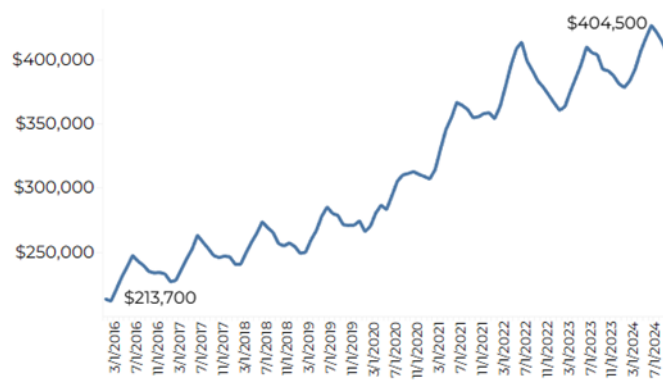
September existing-home sales reached a 3.84 million seasonally adjusted rate, a 1.0% decline from the previous month, and a 3.5% decline from one year ago. Year-over-year, sales fell in three regions but grew in the West.

September 2023: **75.8**
August 2024: **70.6**
September 2023: **73.9**

In September, pending home sales rose 7.4% from last month and increased 2.6% from a year ago to the highest level since March 2024. Month-over-month, contract signings rose in all four major U.S. regions, led by the West. 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

Median Sales Price

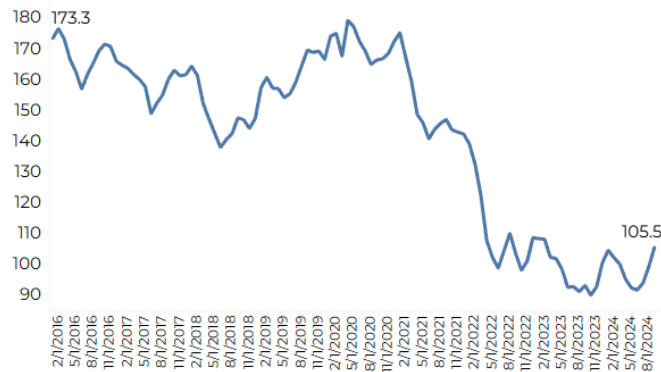


Existing Single-Family Homes
Source: National Association of REALTORS®

September 2024: **\$404,500**
 August 2024: **\$414,200**
 September 2023: **\$392,700**

The median existing-home sale price for all housing types reached \$404,500 in September, up 3.0% from one year ago. Regionally, all four U.S. regions showed price increases from a year ago.

Housing Affordability



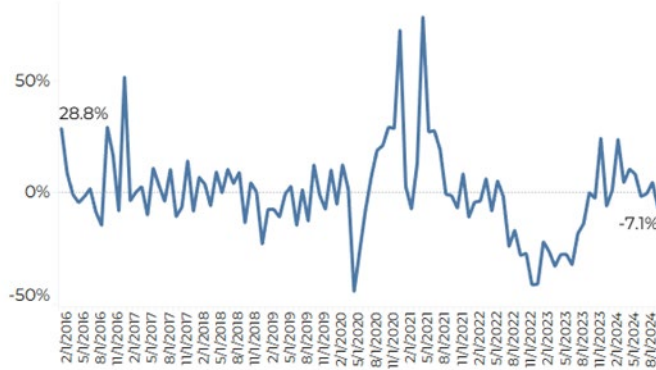
HAI Index, Seasonally Adjusted
Source: National Association of REALTORS®

September 2024: **105.5**
 August 2024: **99.1**
 September 2023: **93.1**

In September, affordability reached its highest level since February 2023, with an index value of 105.5. This indicates that the typical family earns 5.5% more than the income needed to qualify for a median-priced home purchase across the country,, largely due to lower rates.

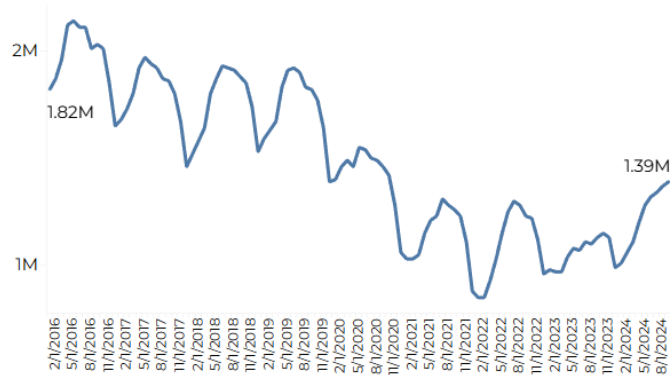
Housing Market

New Listings



Year/Year Percent Change in New Listings
Source: National Association of REALTORS®

Inventory



Total Existing Home Sales Available for Sale, Unadjusted
Source: National Association of REALTORS®

September: **-7.1%**
August 2024: **4.6%**
September 2023: **0.0%**

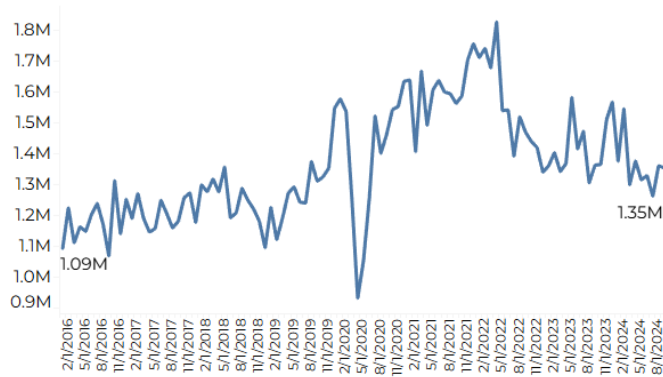
In September, new listings decreased year-over-year by 7.1%, compared to an increase of 4.6% in the previous month and 0.0% one year ago.

September 2024: **1.39 million**
August 2024: **1.37 million**
September 2023: **1.13 million**

Inventory has been consistently increasing since the beginning of the year. The August inventory of unsold existing homes rose by 1.5% from the previous month to 1.39 million units. The increase is equivalent to 4.3 months' supply at the current monthly sales pace.

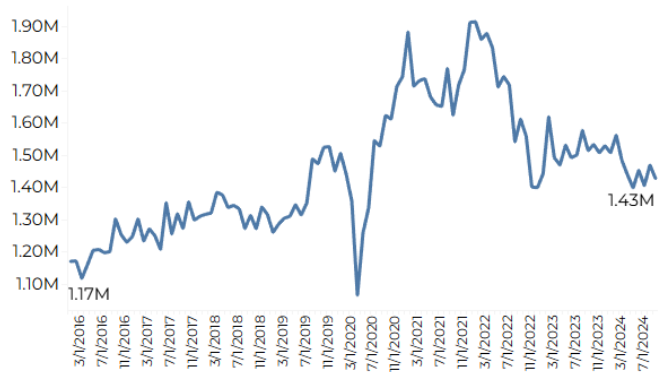
New Residential Construction

Housing Starts



Annualized
Source: U.S. Census Bureau

Building Permits



Seasonally Adjusted
Source: U.S. Census Bureau, Haver Analytics

September 2024: **1.35 million**
August 2024: **1.36 million**
September 2023: **1.36 million**

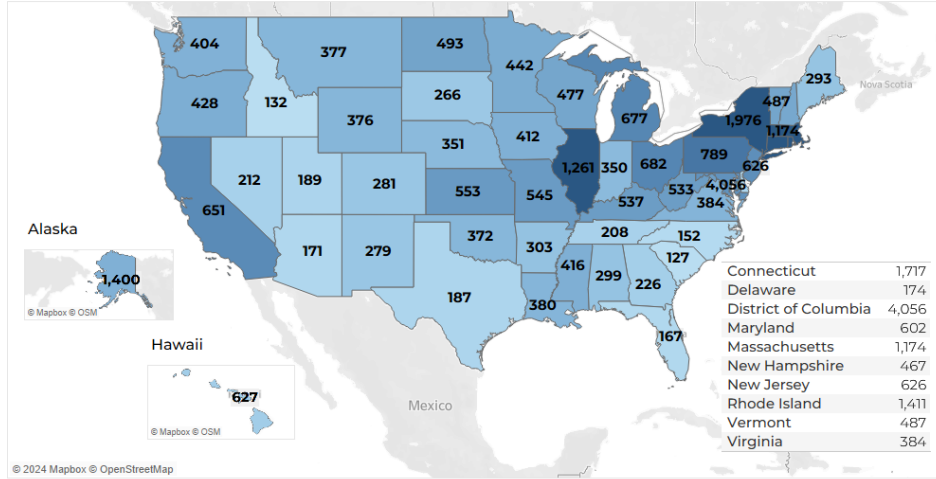
In September, privately-owned housing starts were at a seasonally adjusted rate of 1.35 million. This is 0.5% below the revised August estimate and 0.7% below the revised September 2023 rate.

September 2024: **1.43 million**
August 2024: **1.47 million**
September 2023: **1.51 million**

Respectively, another measure of housing construction, building permits issued, decreased to 1.43 million in September. The September rate of privately-owned housing units authorized for building was 3.1% below the revised August rate and 5.9% below the September 2023 rate.

New Residential Construction

Population Per Single-Family Building Permit by State
September 2024

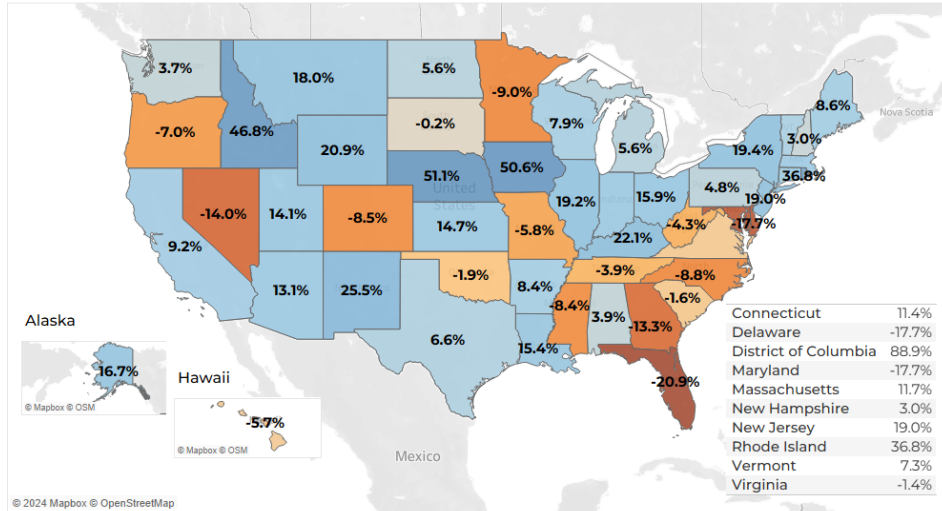


* The ratio is calculated by dividing the number of a state's population by the number of single-family building permits issued in the state within one year.
Source: U.S. Census Bureau, NAR Calculations

In September, the largest number of single-family building permits issued was in South Carolina, where one permit was issued per 127 residents. It was followed by Idaho (132), North Carolina (152), and Florida (167). In contrast, the lowest number of permits issued was in the District of Columbia, where one permit was issued per 4,056 residents. Among the largest states, California (population 39 million) issued one permit per 651 residents, while Texas (population 30 million) issued one permit per 187 residents. New York, whose population is slightly smaller than Florida's (20 million versus 23 million), had one permit per 1,976 residents. Pennsylvania and Illinois, who are similar in population size, had a low number of building permits issued since September 2023, with one permit issued per 789 and 1,261 residents, respectively.

New Residential Construction

State Year-Over-Year Percentage Change of Single-Family Building Permits September 2024



Source: U.S. Census Bureau, NAR Calculations

Despite having issued the lowest number of permits per capita, the District of Columbia experienced the largest increase in single-family building permits, rising 88.9% from 9 permits in September 2023 to 17 permits in September 2024. Following the capital were Nebraska (51.1%), Iowa (50.6%), and Idaho (46.8%). Conversely, Florida had the largest decline in single-family permits, dropping 20.9% from 11,590 in 2023 to 9,165 in 2024. Additionally, California saw a modest increase of 9.2% in single-family permits issued over the same period.

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