

Residential Real Estate Market Snapshot Report

May 2024

National Association of REALTORS®
Research Group



Overview

The spring residential real estate market started slowly, with home sales activity declining in March. Traditionally, spring is the busiest season for real estate, but an increase in mortgage rates and inflation could be tempering housing sales.

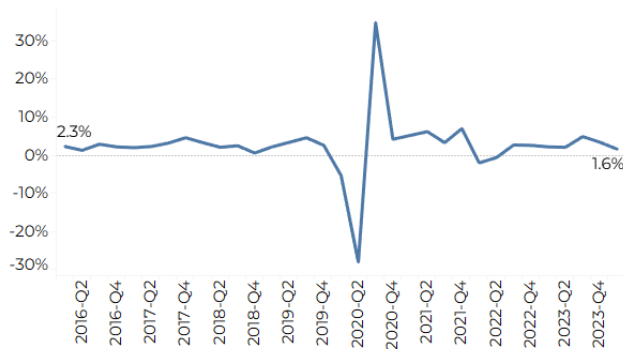
Existing-home sales declined in March following a significant increase last month, which marked the largest monthly rise since February 2023. Year-over-year, all four U.S. regions recorded a decline in sales. In contrast, the Pending Home Sales Index (PHS) showed year-over-year increases in three out of the four regions, achieving its strongest performance in a year. Despite March's slow market activity, NAR expects that inventory will grow steadily from home construction, job growth will keep demand strong, and life-changing events will require people to move.

From a broad economic perspective, both the Federal Reserve's short-term interest rate and the 10-year Treasury yield remained unchanged during the third month of the year. Nevertheless, March CPI inflation accelerated further from its target rate, possibly delaying the Federal Reserve's plans to cut interest rates and keep mortgage rates high.

March's employment growth is an important indicator to watch, as the construction industry experienced large job additions. In terms of housing supply, new listings experienced a smaller year-over-year increase in the beginning of spring and the U.S. Census Bureau reported decreases in both housing starts and building permits.

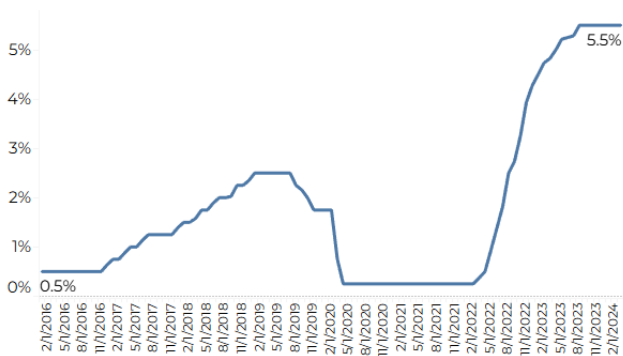
Economic Activity

Gross Domestic Product



Percent Change, Annualized Rate
Source: Bureau of Economic Analysis

Interest Rates



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

Q1 2023: **1.6%**
Q4 2023: **3.4%**
Q1 2022: **-2.0%**

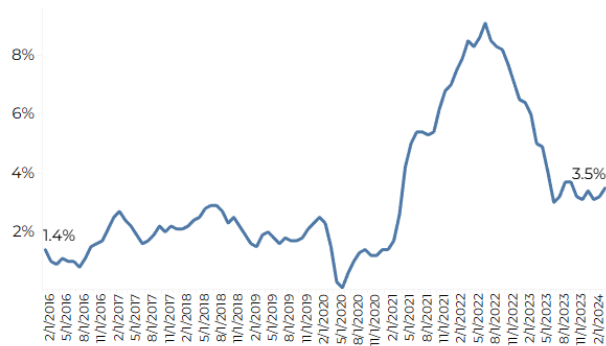
Real gross domestic product (GDP) increased at an annual rate of 1.6% in the first quarter of 2024, according to the “advance” estimate of the Bureau of Economic Analysis (BEA). The increase primarily reflected increases in consumer spending and housing investment, and a decrease in inventory investment. Imports, which are a subtraction in the calculation of GDP, increased as well.

Mar 2024: **5.5%**
Feb 2024: **5.5%**
Mar 2023: **4.8%**

The Federal Reserve did not alter its short-term interest rate in March, 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%.

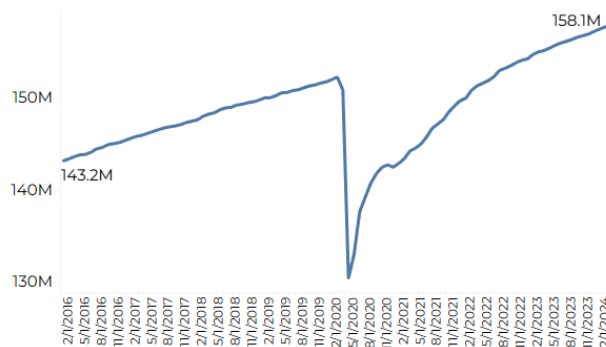
Economic Activity

Inflation



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

Employment



Payroll Employment, Seasonally Adjusted
Source: Bureau of Labor Statistics

Mar 2024: **3.5%**

Feb 2024: **3.2%**

Mar 2023: **5.0%**

Consumer prices reaccelerated to 3.5%, higher than the Federal Reserve's desired target of 2%. The main components keeping inflation above target in March were housing/shelter and gasoline, which combined contributed over half of the monthly increase in the CPI index for all items.

Mar 2024: **158.1 million**

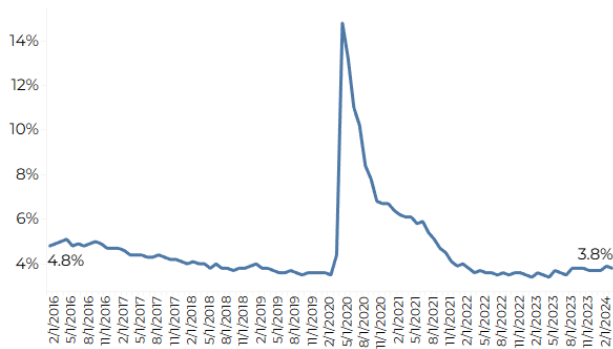
Feb 2024: **157.8 million**

Mar 2023: **155.2 million**

In March, a total of 315,000 net payroll jobs were added, still above the average monthly gain of 242,000 over the last 12 months. As part of that, the construction industry added 40,000 new jobs, up by 664,000 from four years ago.

Economic Activity

Unemployment

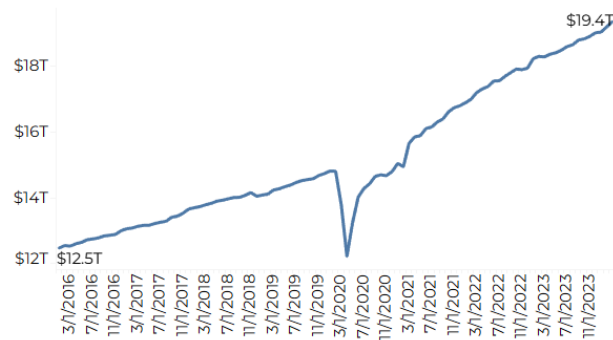


Unemployment Rate, Seasonally Adjusted
Source: Bureau of Labor Statistics

Mar 2024: **3.8%**
Feb 2024: **3.9%**
Mar 2023: **3.5%**

The unemployment rate decreased by 0.1 percentage points to 3.8% in March, and the number of unemployed people decreased to 6.4 million in March. The unemployment rate has been in a narrow range of 3.7% and 3.9% since August of last year.

Consumer Spending



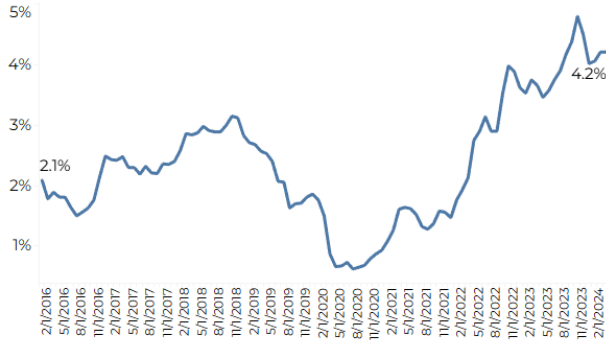
Personal Consumption Expenditures, Seasonally Adjusted
Source: Bureau of Economic Analysis

Mar 2024: **\$19.4 trillion**
Feb 2024: **\$19.2 trillion**
Mar 2023: **\$18.3 trillion**

In March, personal consumption expenditures increased 0.8%. The \$160.9 billion increase in current-dollar spendings reflected an increase of \$80.6 billion in spending for services and a \$80.3 billion increase in spending for goods.

Economic Activity

10-Year Treasury Yield

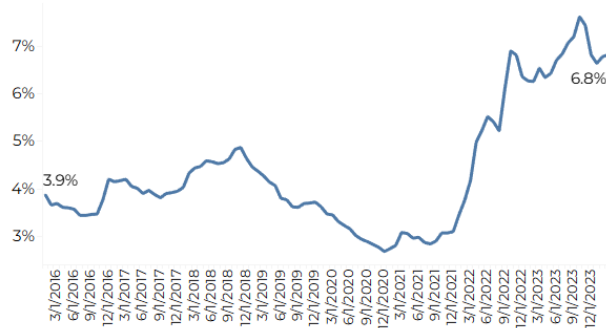


Percent
Source: U.S. Treasury

Mar 2024: **4.2%**
Feb 2024: **4.2%**
Mar 2023: **3.6%**

In March, the 10-year Treasury rate remained steady at 4.2%, unchanged from the yield observed in the previous month. NAR predicts that the yield will stay below 4% for the remainder of the year, presenting favorable conditions for borrowers.

Mortgage Rates



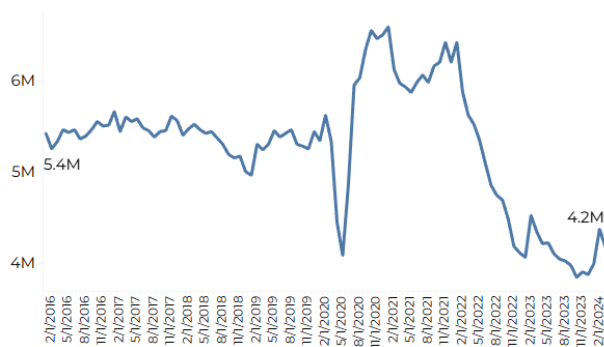
30-Year Fixed Mortgage Rate, Monthly Averages
Source: Federal Home Loan Mortgage Corporation

Mar 2024: **6.8%**
Feb 2024: **6.8%**
Mar 2023: **6.5%**

Mortgage interest rates averaged 6.8% for the month of March, remaining in the mid-6% range for 16 weeks. Although still below the rates seen in the fall of 2023, the high rates impact the flow of new home buyers into the spring market.

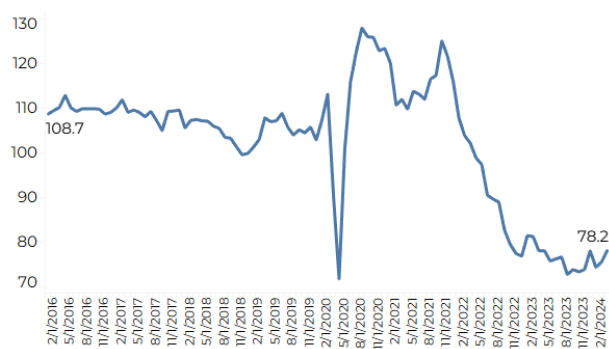
Housing Market

Existing Home Sales



Annualized
Source: NAR

Pending Home Sales



PHS Index, Seasonally Adjusted
Source: NAR

Mar 2024: **4.2 million**
Feb 2024: **4.4 million**
Mar 2023: **4.4 million**

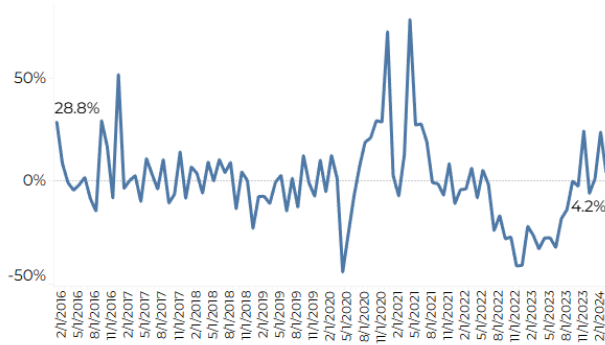
Housing market activity declined 4.3% this March from February 2024. March's existing-home sales reached a 4.2 million seasonally adjusted annual rate, down 3.7% from March of last year.

Mar 2024: **78.2**
Feb 2024: **75.6**
Mar 2023: **78.1**

In March, pending home sales rose 3.4% from last month and increased by 0.1% from a year ago. The Pending Home Sales Index (PHS) level for the month of March was 78.2, and February's level was revised to 75.6. Compared to last month, the South, West, and Northeast regions showed increases in contract signings.

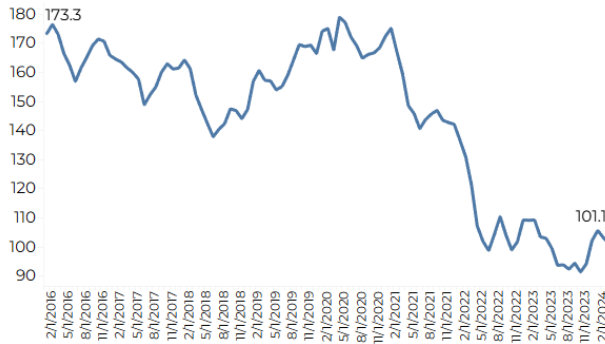
Housing Market

New Listings



Year/Year Percent Change in New Listings
Source: NAR

Housing Affordability



HAI Index, Seasonally Adjusted
Source: NAR

Mar 2024: **4.2%**
Feb 2024: **23.9%**
Mar 2023: **-26.4%**

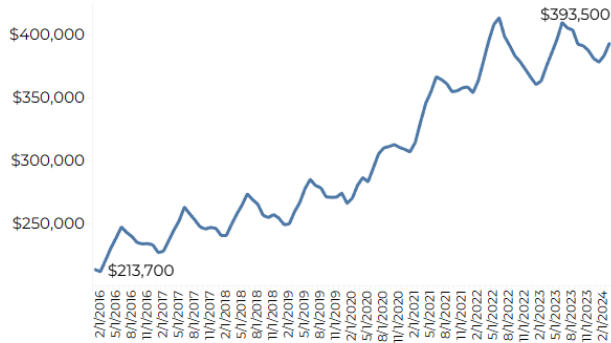
In March 2024, new listings experienced a smaller year-over-year increase of 4.2%, compared to 23.9% in the prior month. February's increase was the largest annual gain since November 2023.

Mar 2024: **101.1**
Feb 2024: **103.2**
Mar 2023: **103.5**

According to NAR's Housing Affordability Index, housing affordability weakened nationally in March compared to the previous month. However, the national index is still above 100, which means that the typical family can afford to buy a median-priced home.

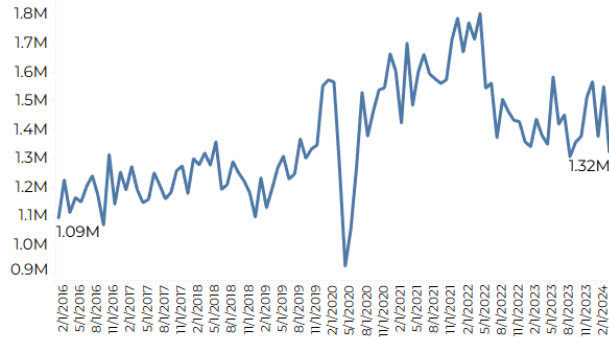
Housing Market

Median Sales Price



Existing Single-Family Homes
Source: NAR

Housing Starts



Annualized
Source: Census Bureau

Mar 2024: **\$393,500**

Feb 2024: **\$383,800**

Mar 2023: **\$375,300**

The national median existing-home price for all housing types increased to \$393,500 in March, up 4.8% from a year earlier. Regionally, all four regions showed price growth from a year ago, with the Northeast exhibiting the largest gain of 9.9%.

Mar 2024: **1.32 million**

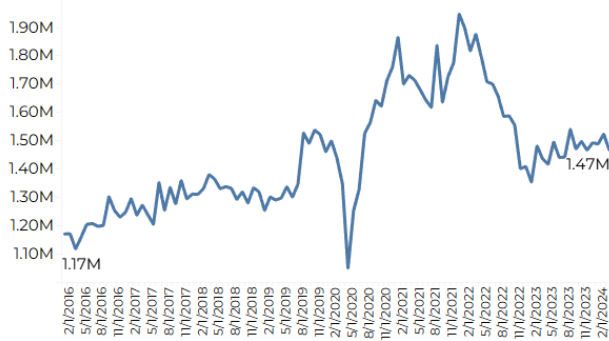
Feb 2024: **1.55 million**

Mar 2023: **1.38 million**

In March, privately owned housing construction were at a seasonally adjusted annual rate of 1.32 million. This is 14.7% below the revised February estimate of 1.55 million, and 4.3% below last year's rate of 1.38 million.

Housing Market

Building Permits

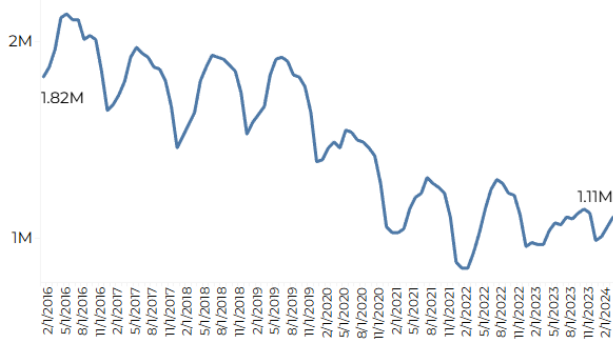


Seasonally Adjusted
Source: Census Bureau, Haver Analytics

Mar 2024: **1.47 million**
Feb 2024: **1.52 million**
Mar 2023: **1.44 million**

Privately-owned housing units authorized by building permits in March were at a seasonally adjusted annual rate of 1.47 million. This is 3.7% below the revised February rate of 1.52 million, but 2.1% above last year's rate of 1.44 million.

Inventory



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

Mar 2024: **1.11 million**
Feb 2024: **1.06 million**
Mar 2023: **970,000**

March's inventory of unsold listings increased by 4.7% from last month, standing at 1.11 million homes for sale. Compared with last year, inventory levels were up 14.4%. Demand is currently outpacing inventory.

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NATIONAL ASSOCIATION OF REALTORS®

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