

Residential Real Estate Market Snapshot Report

July 2024

National Association of REALTORS®
Research Group



Overview

Housing Market in May 2024

With mortgage rates once again exceeding the 7% threshold, fewer homes were sold in May, extending the downward trend observed in recent months. Despite the slowdown in home buying activity, prices hit a new record high of \$419,300. Even with an increase in homes available for sale, the supply still falls short of meeting housing demand, raising home prices. As soon as mortgage rates fall below the 7%, this additional inventory will likely boost activity in the coming months. NAR expects that inventory will continue to grow steadily from home construction while strong job growth and demographic trends will keep demand strong in the market.

Breaking down by region, in three regions – the Northeast, Midwest, and West - home sales were identical to the previous month. Compared to the same period last year, only the Midwest saw an increase in home sales while all other regions experienced declines. As home prices continue to increase, the Northeast recorded the highest price gains of any region, with the typical home worth 9% more than the previous year.

With more homes being completed and mortgage rates likely to fall below 7% after summer, housing market activity is expected to gain momentum in the following months.

Economic Activity

Gross Domestic Product

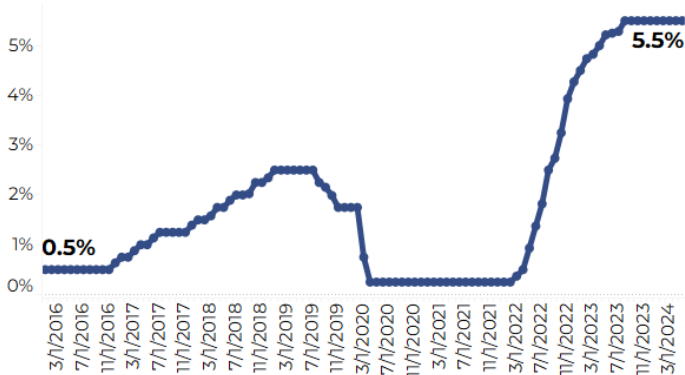


Percent Change, Annualized Rate

Q1 2024: **1.4%**
Q4 2023: **3.4%**
Q1 2023: **2.2%**

The economy grew at a slower pace in the first quarter of the year. According to the “third” estimate from the Bureau of Economic Analysis (BEA), the real gross domestic product (GDP) increased 1.4% in Q1 2024, down from a 3.4% increase in the final quarter of 2023. Persistent high interest rates, geopolitical tensions, and a rise in imports contributed to slower economic growth.

Interest Rates



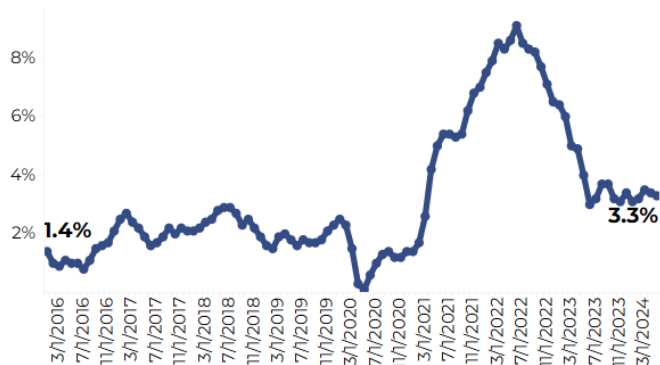
Effective Federal Funds Rate, Upper Limit
Source: Federal Reserve Board

May 2024: **5.5%**
April 2024: **5.5%**
May 2023: **5.0%**

The Federal Reserve maintained its short-term interest rate at 5.5% in May, unchanged since August 2023. A further slowdown of inflation expected in the following months may enable the Fed to cut rates in the second half of the year. The Fed’s goal is to reduce inflation to its 2% average target.

Economic Activity

Inflation

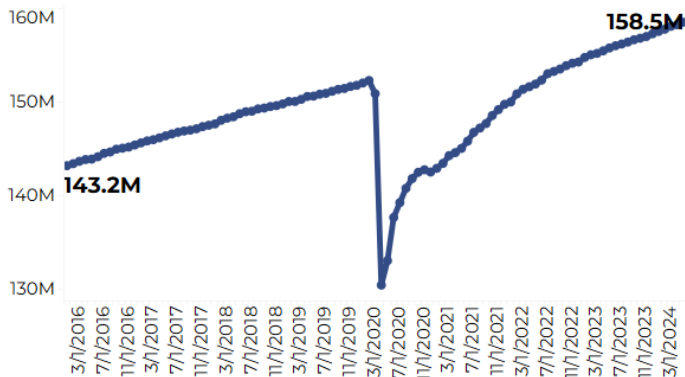


CPI Year/Year Percent Change, Seasonally Adjusted
Source: Bureau of Labor Statistics

May 2024: **3.3%**
April 2024: **3.4%**
May 2023: **4.0%**

Consumer prices rose slower than the previous month by 3.3% in May, remaining lower than the previous year but higher than the Federal Reserve's target of 2%. Shelter – rent prices - continues to be the main component of the consumer price index that keeps the growth rate elevated.

Employment



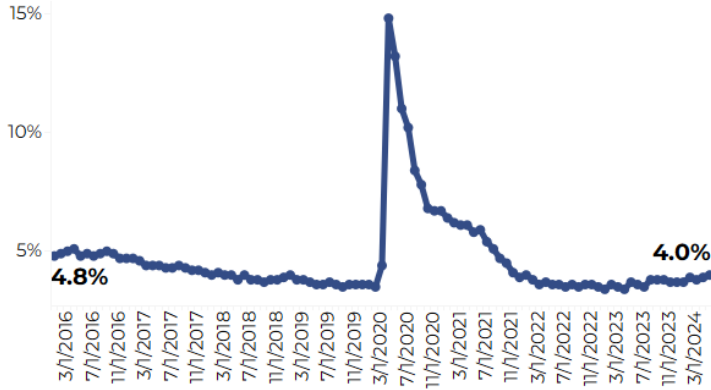
Payroll Employment, Seasonally Adjusted
Source: Bureau of Labor Statistics

May 2024: **158.5 million**
April 2024: **158.3 million**
May 2023: **155.8 million**

The U.S. labor market rose faster than the average monthly gain of 232,000 over the past 12 months, adding 272,000 new jobs in May. However, the unemployment rate rose 4% after staying below that threshold for 27 months. Employment in construction changed little in May (21,000 new jobs), in line with its prior 12-month average monthly gain of 21,000.

Economic Activity

Unemployment

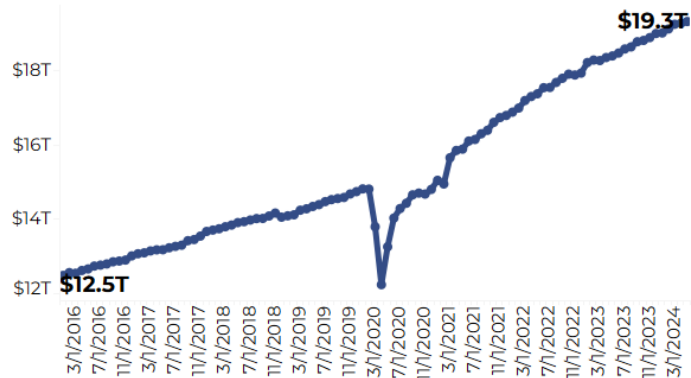


Unemployment Rate, Seasonally Adjusted
Source: Bureau of Labor Statistics

May 2024: **4.0%**
April 2024: **3.9%**
May 2023: **4.0%**

In May, the unemployment rate increased further to 4.0% in May. This uptick in the unemployment rate is not considered a threat to the economy. The increase was primarily due to seasonal trends in the labor market during the summer months, a period when teenagers and college students look for jobs.

Consumer Spending



May 2024: **\$19.3 trillion**
April 2024: **\$19.3 trillion**
May 2023: **\$18.4 trillion**

In May, personal consumption expenditures increased slower than the previous month by 0.2%. The \$47.8 billion increase in current-dollar spendings reflected an increase of \$34.2 billion in spending for services and a \$13.6 billion increase in spending for goods.

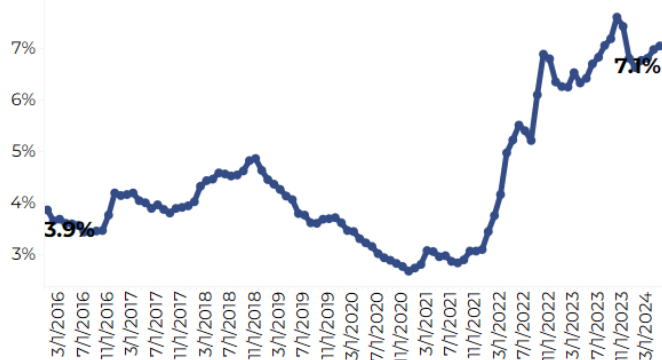
Economic Activity

10-Year Treasury Yield



Percent
Source: U.S. Department of the Treasury

Mortgage Rates



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

May 2024: **4.5%**
April 2024: **4.5%**
May 2023: **3.6%**

In May, the 10-year Treasury rate slightly fell from the previous month, hovering around 4.5%. However, while the Federal Reserve is expected to cut its rate sometime later in the second half of the year, NAR predicts that the yield will fall to 4.1% by year's end, presenting favorable conditions for borrowers.

May 2024: **7.1%**
April 2024: **7.0%**
May 2023: **6.4%**

Mortgage interest rates rose to 7.1% in May, slowing down further the activity in the market. These higher mortgage rates make borrowing more expensive, keeping home sales near 4 million units. Although still below the rates seen in the fall of 2023, current rates affect the flow of new home buyers into the spring market.

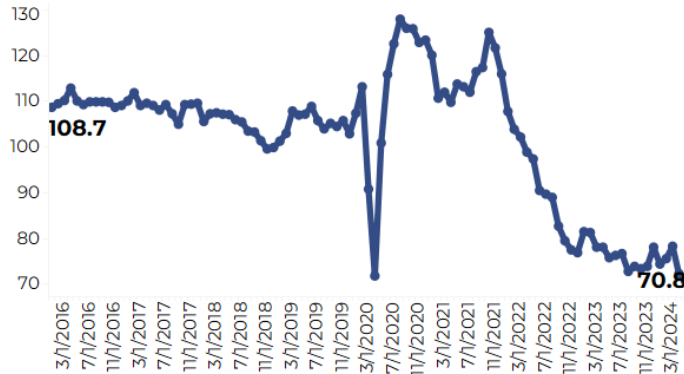
Housing Market

Existing Home Sales



Annualized
Source: NAR

Pending Home Sales



PHS Index, Seasonally Adjusted
Source: NAR

May 2024: **4.1 million**
April 2024: **4.1 million**
May 2023: **4.2 million**

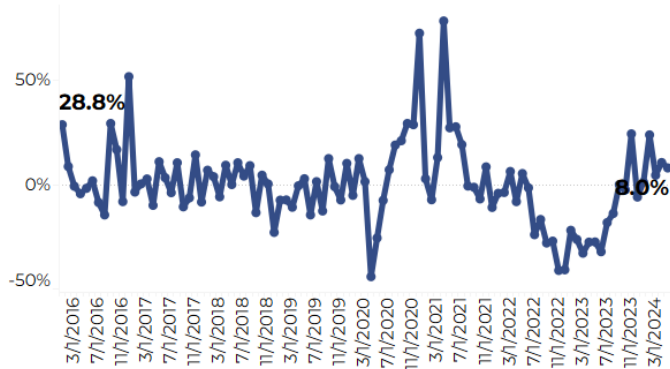
Due to rising mortgage rates, housing market activity declined further in May by 1% compared to the previous month while sales were also 3% lower than the same period a year ago. May's existing-home sales reached a 4.1 million seasonally adjusted annual rate, down by 120,000 sales from May of last year.

May 2024: **70.8**
April 2024: **72.3**
May 2023: **75.8**

In May, pending home sales fell 2.1% from the previous month, reflecting the impact of higher mortgage rates in homebuying activity. The Pending Home Sales Index (PHS) level for the month of May was 70.8, and April's level was 72.3. However, by region, contract signings rose in Northeast and West compared to the previous month.

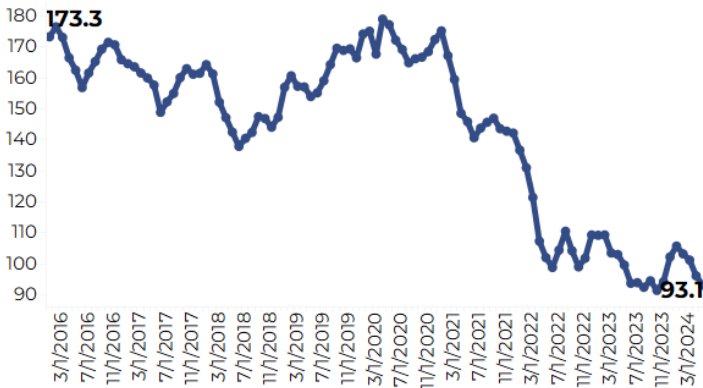
Housing Market

New Listings



Year/Year Percentage Change in New Listings
Source: NAR

Housing Affordability



May 2024: **8.0%**
April 2024: **10.6%**
May 2023: **-27.6%**

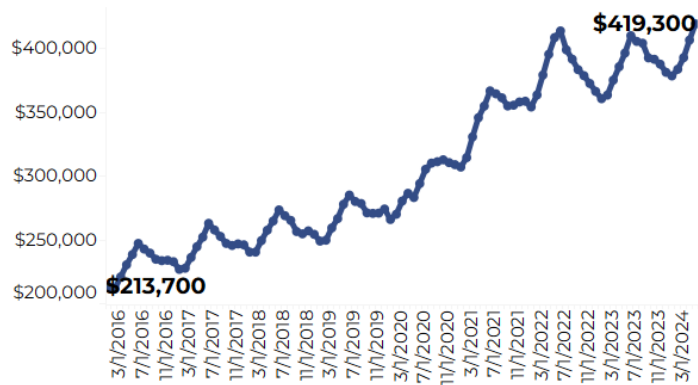
In May, new listings rose slower than the previous month. Specifically, new listings increased year-over-year by 8.0% in May compared to 10.6% in April. The housing stock is growing, and builders continue to deliver new homes to the market. These additional homes may bring some buyers back to the market.

May 2024: **93.1**
April 2024: **96.1**
May 2023: **99.6**

According to NAR's Housing Affordability Index, housing affordability weakened further in May compared to the previous month. In fact, the national index is below 100 for the last couple of months, which means that the typical family cannot afford to buy the median-priced home because their income is below the qualifying threshold.

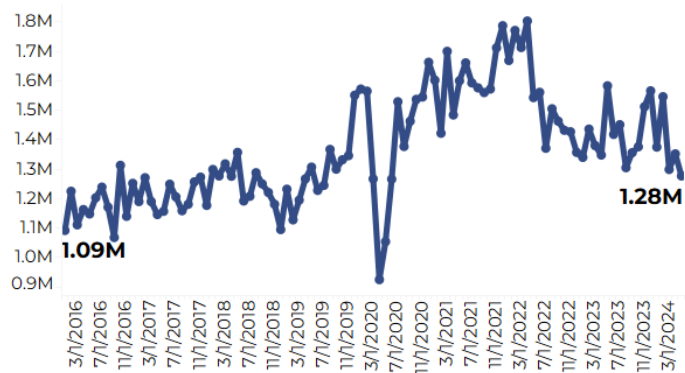
Housing Market

Median Sales Price



Existing Single-Family Homes
Source: NAR

Housing Starts



Annualized
Source: Census Bureau

May 2024: **\$419,300**
April 2024: **\$406,600**
May 2023: **\$396,500**

The national median existing-home price for all housing types increased to \$419,300 reaching a new record high in May, up 5.8% from a year earlier. Regionally, all four regions showed price growth from a year ago, with the Northeast exhibiting the largest gain of 9.2%.

May 2024: **1.28 million**
April 2024: **1.35 million**
May 2023: **1.58 million**

Home construction plunged in May, falling below 1.3 million units, reaching the lowest level since May 2020. All regions except the West reported declines. Based on the U.S. Census, the number of housing starts dropped to 1.28 million homes in May. This is 5.5% from April estimate of 1.35 million and 19.3% lower than a year ago.

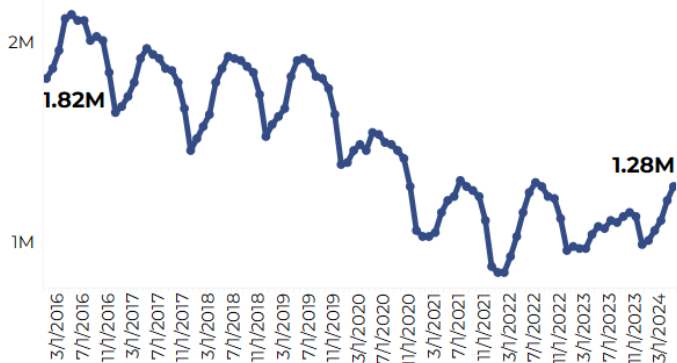
Housing Market

Building Permits



Seasonally Adjusted
Source: Census Bureau, Haver Analytics

Inventory



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

May 2024: **1.40 million**
April 2024: **1.44 million**
May 2023: **1.50 million**

Respectively, another measure of housing construction, building permits issued in May also fell to 1.40 million. This is 2.8% below the April rate of 1.44 million, and 6.5% below last year's rate of 1.50 million.

May 2024: **1.28 million**
April 2024: **1.21 million**
May 2023: **1.08 million**

Inventory has consistently been increased since the beginning of the year. In May, inventory of unsold listing increased 5.8% compared to the previous months, standing at 1.28 million homes for sale. Compared to last year, inventory levels were up 18.5%. However, even with this increase, demand continues to outpace housing supply, leading to rising home prices.

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NATIONAL ASSOCIATION OF REALTORS®

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