



Home Sales Fall Short, But Remain Well Above The Pre-Pandemic Pace

Sales of existing homes **fell sharply** in February after two months of modest gains. The National Association of Realtors® said pre-owned single-family houses, townhouses, condominiums, and cooperative apartments sold at a seasonally adjusted annual rate of 6.23 million units. This was down 6.6 percent from January's sales rate of 6,660,000 units. Sales remain 9.1 percent higher than the 5.70 million unit rate posted in February 2020.

Single-family home sales were also down **6.6 percent** to an annual rate of 5.52 million from 5.91 million in January and condominium and co-op sales declined by 6.7 percent to 700,000 units. Sales of both housing types remained well above their February 2020 levels, single-family sales by 8.0 percent while condo/co-op sales were 18.6 percent higher.

The declining sales were **anticipated**. Pending home sales, a leading indicator for existing sales activity, have been weakening for months and were down 2.8 percent from December to January. Analysts polled by Econoday had forecast existing home sales in a range of 6.320 million to 6.700 million with a consensus of 6.500 million.

"Despite the drop in home sales for February - which I would attribute to historically-low inventory - the market is still outperforming pre-pandemic levels," said Lawrence Yun, NAR's chief economist. He cautioned of a possible slowdown in growth in the coming months as higher prices and rising mortgage rates will cut into home affordability.



"I still expect this year's sales to be ahead of last year's, and with more COVID-19 vaccinations being distributed and available to larger shares of the population, the nation is on the cusp of returning to a sense of normalcy," Yun said. "Many Americans have been saving money and there's a strong possibility that once the country fully reopens, those reserves will be unleashed on the economy."



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The **median existing-home price** for all housing types in February was **\$313,000, up 15.8 percent** from February 2020 (\$270,400), as prices rose in every region. February's national price increase marks 108 straight months of year-over-year gains. Single-family home prices were up 16.2 percent on an annual basis to a median of \$317,100 and the median price of an existing condo was \$280,500, marking 12.3 percent in annual appreciation.

"Home affordability is weakening," Yun said. "Various stimulus packages are expected and they will indeed help, but an increase in inventory is the best way to address surging home costs."

The number of available homes for sale at the end of February remains at **record lows**, flat compared to January at 1.03 million units, an estimated 2.0 month supply at the current rate of sales. In February 2020, the inventory was almost 1.46 million a 3.1-month supply. The 29.5 percent year over year decline was the largest in NAR records. It has tracked inventories since 1982.

Properties typically remained on the market for **20 days** in February, also a record low, down from 21 days in January and 36 days in February 2020. Seventy-four percent of the homes sold in February 2021 were on the market for less than a month.

First-time buyers were responsible for 31 percent of sales in February, down from 33 percent in January and from 32 percent in February 2020. Individual investors or second-home buyers accounted for 17 percent of sales and 22 percent of total sales were all cash transactions. Distressed sales - foreclosures and short sales - had less than a 1 percent market share.

Sales fell in three of the four major regions from January to February but remained higher on an annual basis in all. Each also posted year-over-year home price appreciation.

Sales in the **Northeast** were down 11.5 percent to an annual rate of 770,000 units, 13.2 percent annual growth. The median price was \$356,000, up 20.5 percent from February 2020.

Existing-home sales in the **Midwest** dropped 14.4 percent to an annual rate of 1,310,000, a 2.3 percent gain from a year ago. The median price was \$231,800, up 14.2 percent on an annual basis.

The **South** saw sales fall 6.1 percent to an annual rate of 2,770,000 in February, up 9.9 percent from the same time one year ago. The median price grew 13.6 percent to \$271,200.

The only monthly gain in sales was in the **West**. The annual rate of 1,370,000 was 4.6 percent higher than in January and a 12.3 percent jump from a year ago. The median price was up 20.6 percent to \$493,300.