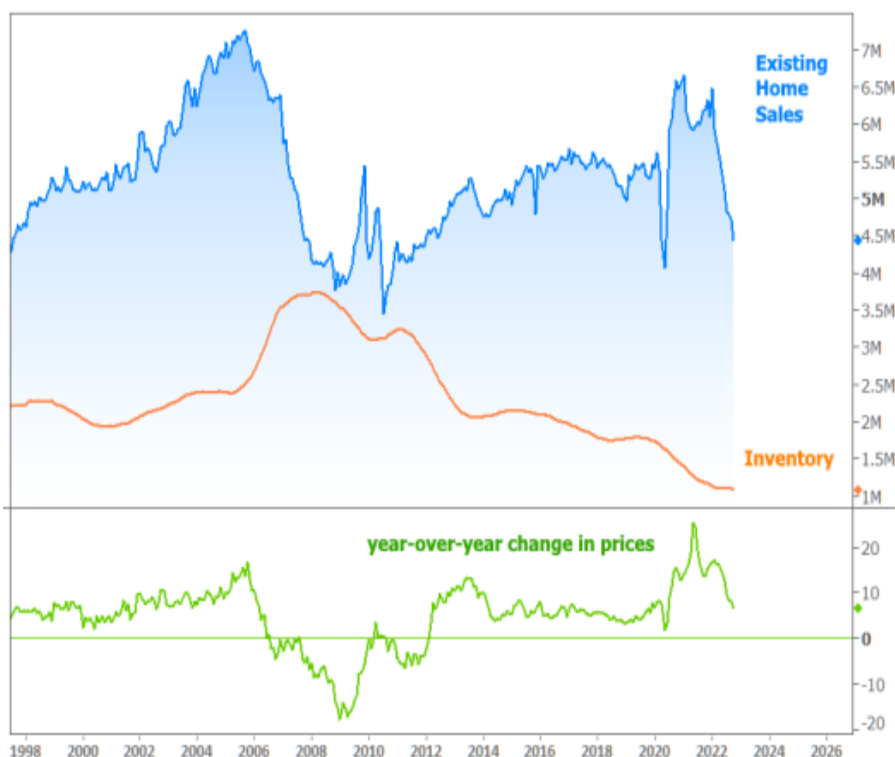




A Slightly Less Gloomy Way to View Another Big Drop in Existing Home Sales

The state of the housing market in 2022 is well known by now. The sharpest rate spike in 40 years to the highest rates in 20 years combined with the overvaluation from 2 years of brutally fast appreciation to create a rapid cooling in demand and, more recently, prices.

Slightly less obvious to those outside the industry is the extreme and ongoing inventory crunch. Units available for sale continue trading water at record lows. This is noticeably different from the most recent example of plummeting sales (2006-2008) when inventory began stacking up almost immediately.



We can get a slightly more focused look at the "sales vs inventory" metric by simply subtracting one from the other. The following chart shows sales vs inventory.



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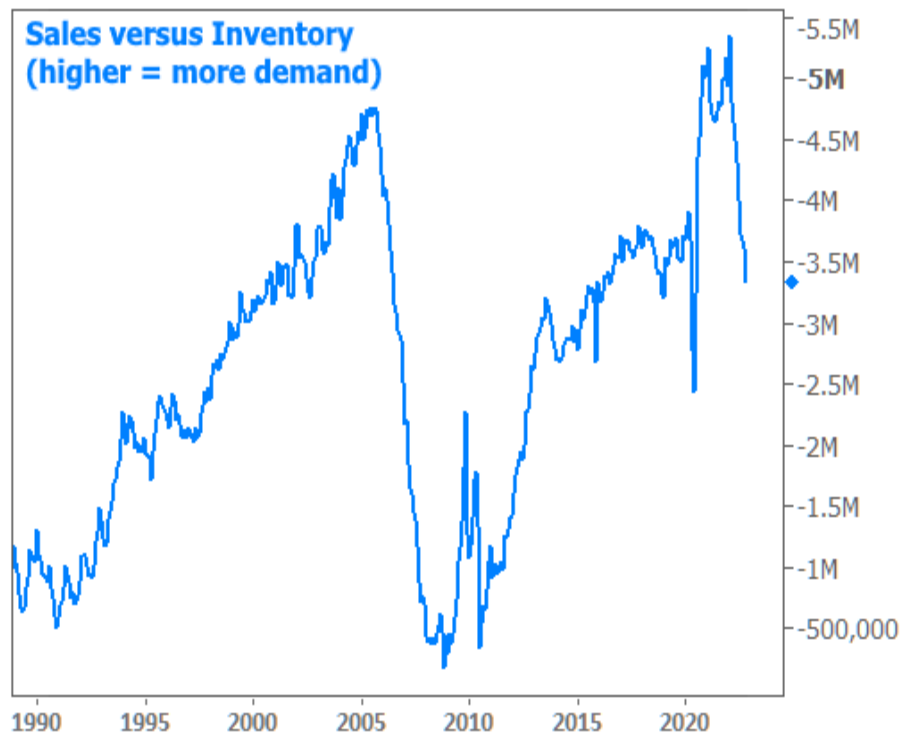
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This is a better gauge of the contraction in sales. In this light, sales are right back in line with pre-covid levels as opposed to back at 2012's levels. None of the above is intended to "cheer-lead" a gloomy housing situation, because it's certainly not upbeat right now. Rather, the only goal is to adjust the level of gloom to acknowledge the abysmal inventory conditions.

Other highlights from today's data:

- Time on market: 21 days vs 19 days previously
- First time buyers = 28% of the market, 29% previously
- Cash sales = 26% up from 22% previously
- Investors bought 16%, up from 15% previously
- Comments from NAR Economist Lawrence Yun:

"Inventory levels are still tight, which is why some homes for sale are still receiving multiple offers. In October, 24% of homes received over the asking price. Conversely, homes sitting on the market for more than 120 days saw prices reduced by an average of 15.8%."