



Record Low Inventory of Existing Homes

Existing Home Sales, which measure closings on existing homes, fell by 4.6% from November to December to an annualized pace of 6.2 million units. On a year over year basis, sales were down 7.1%.

But the real story here is record-low inventory. There were only 910,000 homes for sale at the end of December, which is down significantly from the 1.1 million homes that were available at the end of November. Inventory is 14% lower than it was in December 2020 and a completely different picture compared to the bubble-like conditions we saw in 2007 when there were 3.7 million homes for sale.

Homes were only on the market for 19 days in December, even with higher prices and the lack of inventory, which speaks to the high demand for homes among potential buyers around the country. The real reason we saw sales decline is because there are not enough homes on the market. Quite simply, if there were more homes, there would be more sales. The ongoing tight supply and strong demand should be very supportive of home prices.

The median home price was reported at \$358,000, which is up 15.8% year over year. Remember that the median home price is not the same as appreciation. It simply means half the homes sold were above that price and half were below it.

First-time homebuyers accounted for 30% of sales, which was a big rise from 26% in November's report. Cash buyers declined slightly to 23% of transactions, down from 24% in November, while investors purchased 17% of homes, up from 15%. Foreclosures and short sales comprised less than 1% of all transactions.



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