

# How 2020 broke the housing market: So many homes are selling that we could run out of new houses in months



Publicité

## How 2020 broke the housing market: So many homes are selling that we could run out of new houses in months

Taylor Borden

27/09/2020, 15:00

- 
- 
- 
-



How 2020 broke the housing market: So many homes are selling that we could run out of new houses in months

**Existing home sales just hit a 14-year high — but prices keep skyrocketing and inventory tightening. At this rate, new homes could actually run out.**

- The hottest pandemic purchase is a house, as more and more Americans take advantage of low mortgage rates to attain spacious backyards and more comfortable work-from-home locales.
- Existing home sales, which have trended upward for the last 3 months since the housing market reopened from shutdown, soared to a 14-year high in August. New home sales are also up.

- Home prices are soaring, too, recording the highest two-month appreciation between May and July — at 2% — in 30 years of record-keeping.
- But not enough new houses are being built to keep up with demand, a trend that actually goes back a decade.
- Homebuying, in all its trendy glory, only projects to get more expensive, if not impossible. If homes keep selling at this rate, Bloomberg estimates the inventory of new homes could actually run out in just a few months.
- [Visit Business Insider's homepage for more stories.](#)

Have you thought about moving amid the coronavirus pandemic?

Is your Instagram feed littered with captions reading "Surprise! We bought a house!" underneath photos of couples posing with sets of keys and whimsically colored front doors? Have you seen unbearably long lines for open houses in your own neighborhood?

If it seems like the hottest pandemic purchase is a home, well, it's not just your hunch telling you that.

A shocking volume of homes are selling rapidly, according to [new data](#). The National Association of Realtors (NAR) released [a report](#) on Tuesday finding that existing home sales reached a 14-year high in August. In fact, [Bloomberg reported](#) that if homes continue to sell at their current rate, the US would run out of home inventory in just over three months.

Meanwhile, most newly minted homeowners already [regret their decision](#), survey data shows.

Buying a home right now isn't nearly as affordable as low mortgage rates promise, with low supply continually [ratcheting home prices up](#). And it's only going to become more expensive, potentially dashing future homeowners' dreams.

## **Houses are selling at an almost unbelievable rate**

August was the third straight month that existing home sales trended upward, per NAR. It also found that roughly 6 million homes were sold at a seasonally adjusted annual rate in that month —the highest annualized sales rate since 2006. The figure also represents a 10.5% year-over-year increase.

New home sales have trended upward recently, too. Bloomberg reported that sales of new construction jumped to 342,000 in August — also a high mark since 2006.

Those interested in buying new digs, or the perks that accompany the purchase like spacious backyards and comfortable work-from-home locales, are willing to pay more than ever before.

"Buyers are willing to pay more for a house than I've ever seen — I'm talking \$30,000 to \$50,000 over the listing price," one Baltimore real estate agent told Redfin recently.

"They're desperate because homes are flying off the market so quickly. I'm selling all of the homes I'm listing within three days."

The eagerness to buy a home is also fueled by low mortgage rates — mortgage applications are up 22% compared to last year. Mortgage rates now are among the lowest ever offered — US 30-year mortgage rates have hit nine record lows in 2020 alone.

## **But home prices are skyrocketing and homebuying is only expected to get harder**

Those low mortgage rates, along with the urge to find shelter during the pandemic, seem to have brought so many homebuyers into a market where bargains are hard to find. Redfin found that as of the end of July, lower mortgage rates had given buyers an extra 6.9% in purchasing power, but house prices were up 8.2% year-over-year at that point — and they've kept going up since.

In fact, the 2% appreciation in national home prices between May and July was the biggest two-month jump since at least 1991, which was when the Federal Housing Finance Authority started tracking those changes in an index.

Those who already own homes are holding off on selling, according to Zillow economists, meaning there are fewer homes on the market than normal. There are 20% fewer houses for sale now than there were at this time last year. Uncertainty about employment and the economy among other financial concerns may keep housing supply low for some time, and is exacerbated by the US' failure to keep up with home building needs over the past decade.

Even though record-high numbers of newbuilds were purchased earlier in the pandemic, new-construction listings dropped 33.6% year-over-year in August, according

to a [Redfin analysis](#), meaning that not enough homes are being built to keep up with demand.

"Housing demand is robust but supply is not and this imbalance will inevitably harm affordability and hinder ownership opportunities," NAR's chief economist, Lawrence Yun, said in the association's report.

We're already seeing the effects of this — the [FHFA reported](#) that home prices jumped 6.5% nationally in July on a year-over-year basis. Separately, NAR found that the national median home price in August was \$310,600, up 11.4% from last August.

Median home prices of single-family homes and condos are currently less affordable than historical averages in roughly two-thirds of the US, according to a Thursday [Attom Data Solutions](#) report.

"In a year when nothing is normal, owning a single-family home has become less affordable to average wage earners across the US, despite conditions that would seem to point the opposite way," Todd Teta, Attom's chief product officer said in the report, noting that higher wages and lower mortgage rates "should work in favor of home buyers." The report went on to note that home price appreciation outpaced average weekly wage growth in most — 87% — of the country this month.

Meanwhile, as prices rise due to demand, mortgages are becoming even harder to come by. Lenders are tightening standards due to the coronavirus recession, per the [Mortgage Bankers Association](#). It reportedly hasn't been this hard to take out a mortgage since 2014.

The unfortunate combination is enough to make homeownership simply unattainable for the average American as the pandemic wears on.

Newly minted homeowners are already regretting their decision, too. A late August [LendEDU](#) survey found that more than half of Americans — a whopping 55% — who purchased homes amid the pandemic almost immediately reported buyer's remorse. Roughly 30% of those respondents cited financial reasons.

Read the original article on [Business Insider](#)

Publicité

D'autres articles qui pourraient vous intéresser



'Game of Thrones' : HBO officialise sa nouvelle série centrée sur la maison Targaryen, 'House of the Dragon'

Business Insider

-

10/03/2020



George R. R. Martin ne participera pas à la série 'House of the Dragon' tant qu'il n'aura pas fini d'écrire le tome 6 de 'Game Of Thrones'

Blanche Vathonne

-

10/03/2020



Netflix a mis en ligne une nouvelle bande-annonce angoissante de 'House of Cards' saison 5

Marie Turcan

-

10/03/2020



Les trolls russes auraient été obligés de regarder la série 'House of Cards' pour 'comprendre les problèmes des Etats-Unis'

Marie Turcan

-

01/07/2020



Le palmarès complet des Golden Globes 2020, dominé par "Once Upon a Time in Hollywood" et les séries HBO

Damien Choppin

-

10/03/2020





'Orange is the new black' : un numéro de L'Express repéré dans une scène de la saison 7

Laurina Guillauby

-

10/03/2020



'The Haunting of Bly Manor', Biglo & Oli... Les films et séries qui sortent sur Netflix en octobre

Damien Choppin

-

25/09/2020, 15:56



Amazon dévoile la bande-annonce de 'New World', son jeu multijoueur en ligne prévu pour mai 2020

Business Insider

-

10/03/2020



Ces 9 animaux peuvent réellement devenir des zombies comme dans 'The Walking Dead' ou 'Game of Thrones'

Business Insider

-

10/03/2020



Kit Harington de 'Game of Thrones' va rejoindre l'univers Marvel avec un rôle dans le film 'The Eternals'

Business Insider

-

10/03/2020



Netflix confirme l'arrêt de 'House of Cards' après la saison 6, au lendemain des accusations d'agression sexuelle portées contre Kevin Spacey.

Business Insider

-

10/03/2020



Steven Spielberg et Tom Hanks vont produire la suite de 'Band of Brothers' et 'The Pacific' pour Apple TV+

Damien Choppin

-

10/03/2020



Le directeur marketing de l'Oréal prédit que les développeurs vont devoir devenir des marketeux

Elisabeth Hu

-

10/03/2020

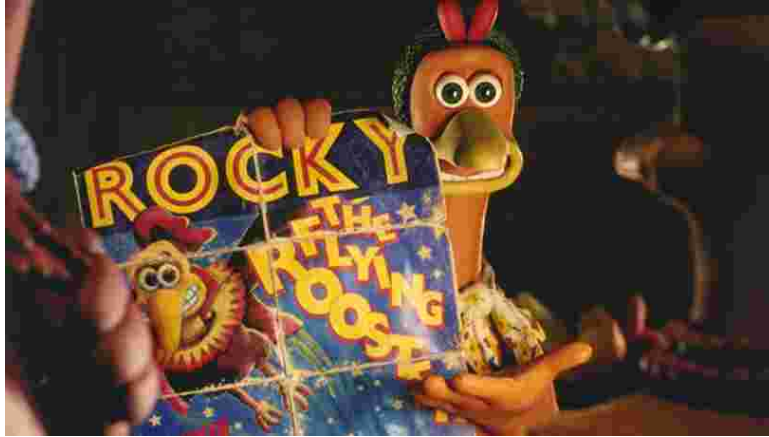


Les initiatives de cinémas drive-in se multiplient en France mais ne font pas que des heureux

Damien Choppin

-

15/05/2020, 15:33

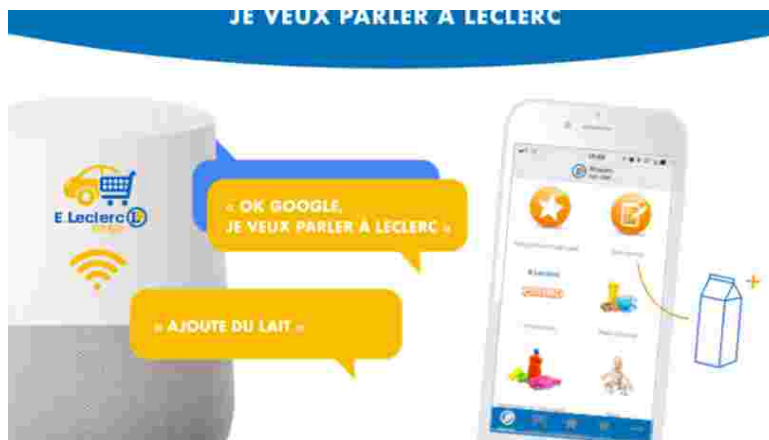


Netflix va diffuser la suite de 'Chicken Run', 20 ans après l'original

Damien Choppin

-

23/06/2020, 11:01



E. Leclerc propose à son tour de créer une liste de courses via Google Home

Elisabeth Hu

-

01/07/2020

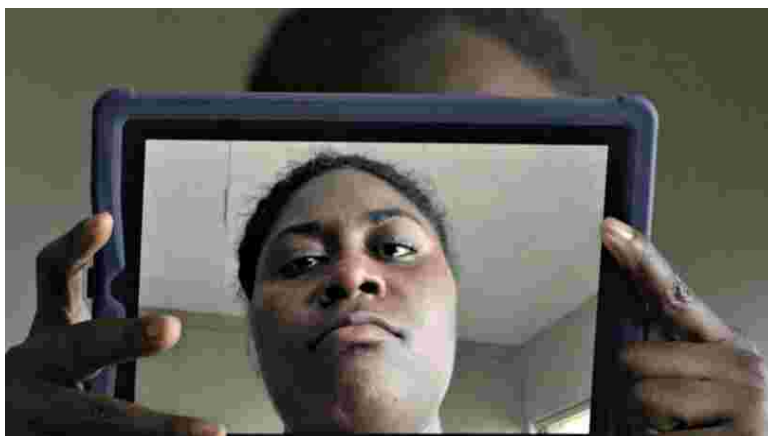


La startup française Back Market lève 41M€ pour convaincre les Américains d'acheter des smartphones d'occasion

Reuters

-

10/03/2020



Le studio qui s'est fait voler la saison 5 de 'Orange Is the New Black' avait versé 50.000\$ de rançon aux pirates pour que Netflix ne se rende compte de rien

Marie Turcan

-

26/08/2020



Voici ce qui se passe à Area 120 où les employés Google créent leurs propres startups  
Business Insider

-

01/07/2020



'Men in Black : International' enregistre le pire démarrage de l'histoire de la franchise  
Business Insider

-



10/03/2020

Publicité

Publicité

- <https://www.facebook.com/BusinessInsiderFrance/>

- <https://twitter.com/BIFrance>

- <https://fr.linkedin.com/company/business-insider-france>

Editions Internationales

[US](#)

[INT](#)

[DE](#)

[FR](#)

[IT](#)

[ES](#)

[MX](#)

[ZA](#)

[AUS](#)

[ID](#)

[MY](#)

[SG](#)

[PL](#)

[SE](#)

[NL](#)