



Home Sales Continue Sliding Trend



Should You Rent Or Buy A Home?

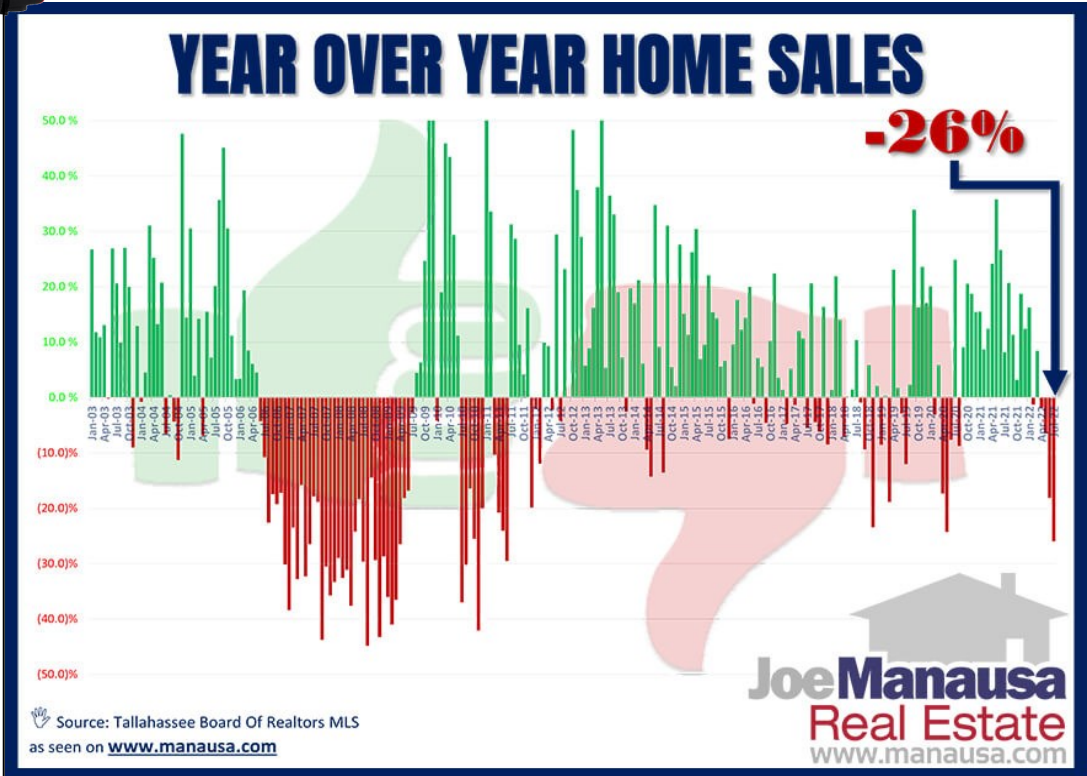


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For the fourth straight month and in five of the past six months, the number of home sales (year-over-year) has declined.

The graph above plots the change in year-over-year home sales. Each vertical bar reflects the percentage difference in the number of homes sold each month when compared to the same month the year prior. Green bars register growth while red bars report declines.

It had been nothing but green (growth) since the 9% decline in August of 2020, but a combination of limited inventories and higher mortgage interest rates has the demand side of the housing market reversing direction.

Overall, the market is down for 2022 by more than 6%, but based upon current mortgage interest rates and a gross lack

of supply of homes, we should expect to see declines dominate the remaining months of 2022.

Home Affordability Crisis

Many people assume that declining demand will cause home prices to drop, but that has not been the case thus far. Demand is still far greater than supply, and recent reports show that builders will NOT be overbuilding the market any time soon. The median new home construction price is up nearly 28% over last year, and there still are not enough homes for sale at most price points.

I expect home prices to continue higher at an unhealthy rate, dragging both the “for sale” and the “for rent” markets to unaffordable levels for buyers and tenants. We need to brace ourselves for the coming home affordability crisis.

