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Housing Market

How migration is dividing the housing market in two

If you're in Dallas, there are more homes for sale now than any time in the last decade. If you're in Chicago, there are 60% fewer homes for sale than there used to be.

December 2, 2024, 4:39 pm By [Mike Simonsen](#)

It can be tricky talking about the national housing market when different parts of the country have very different market dynamics. Nationally, home prices will finish 2024 with an increase of about 5% over the previous year, despite historically low home sales and that there are 27% more homes unsold on the market than there were last year at this time.

When tracking housing inventory in 2024 and 2025, we noticed one big macroeconomic trend dividing the U.S. into two separate markets.

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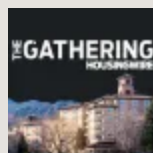
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What is that trend? It's migration. Not

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country. For years, Americans have been moving to the Sunbelt. From Chicago to Arizona and Texas, from New York to Florida. In the last two years, especially in 2024, they've stopped moving. Inventory has built dramatically in the South and — at the same time — the number of unsold homes available in the Midwest and Northeast are still very tight. Some markets in the south, like Austin, Tampa, and Phoenix have more homes for sale now than they've seen in years. On the other hand, some markets in the north, like Chicago and Boston, have just barely more homes unsold than even during the pandemic.

The country is divided in two. If you live in the South, it can be tempting to look around and see doom in the housing market. If you live in the Northeast, you look around and say, 'Homebuyers still have it tough.'

Let's take a look at the data for the last week of November 2024.

Inventory is up

There were 707,000 single-family homes on the market heading into the Thanksgiving weekend. That is roughly 27% more unsold homes on the market than last year at this time. This is right where we've been expecting inventory to end the year. There are now only 18% fewer homes unsold



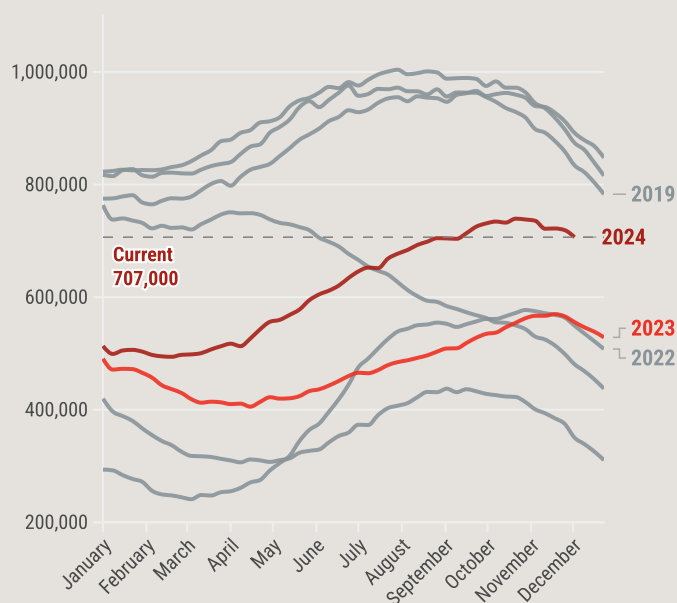
Michael Sachdev on navigating market shifts and operational costs



available on the market than in November of 2019. We're almost back to the pre-pandemic levels of inventory. We expect unsold inventory to keep growing in 2025 — though not by 27% again. Depending on the macro economy and the whims of the mortgage markets, we could see inventory return close to those old normal levels by the end of next year.

Weekly Available Inventory

U.S. single family inventory is 27% greater than last year



Source: Altos Research

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As I mentioned the country is bifurcated — the North and the South. If you're in Dallas, you'll notice that there are more homes for sale now than any time in the last decade. If

you're in Chicago, you'll notice that there are 60% fewer homes for sale than there used to be.

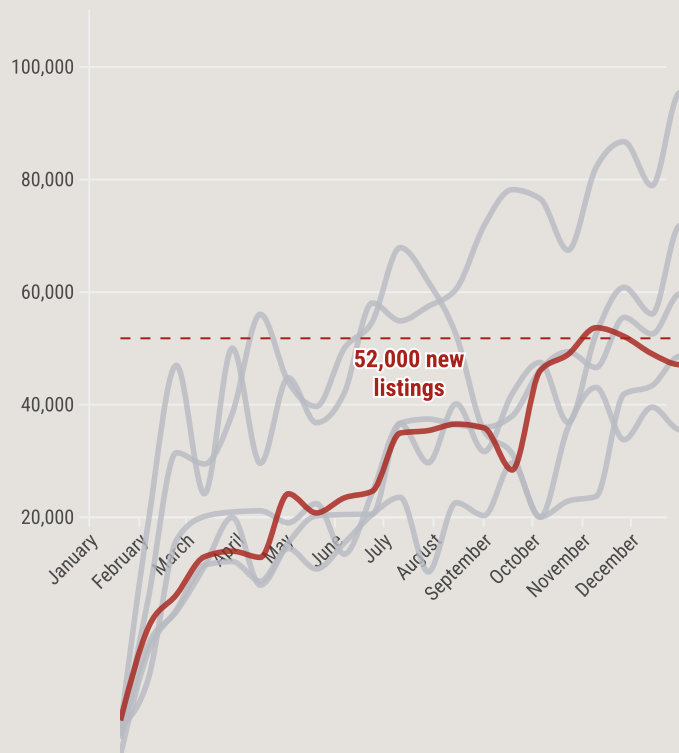
When we're analyzing the supply of homes for sale in 2025, keep your eyes on this bifurcation. I expect that we see some loosening of this migration freeze next year. That will help inventory in the North to grow a bit and tighten up inventory in the South.

New listings fall by 3%

We counted 52,000 new listings for single-family homes this week with another 12,000 condos newly listed for sale. That's 3% fewer than a week ago. Looking at the data, you can see that the late Thanksgiving holiday will show up in the December numbers one week later than most years.

Weekly New Listings (Unsold)

Late Thanksgiving holiday impact is not yet in the data



Source: Altos Research

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After the new year, we're watching for about 5% to 10% more sellers each week. I don't anticipate it'll be much more than that unless some big macro dynamics change too.

When we talk about the two markets, I anticipate we'll see some migration resuming in 2025. It's a good time to sell your house in New York, so I anticipate more new listings in the northern states than we've seen in the past couple years. This bifurcated market will ease a little. Right now, there are 1,100 new listings each

week in the Chicago metro, that's down from 1,800 per week in the pre-pandemic times. I expect that to grow in 2025.

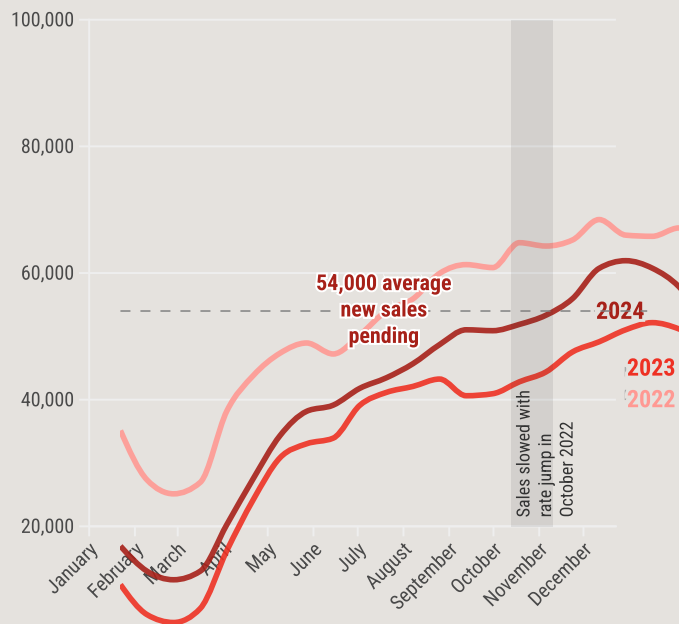
Nationally, we want to see new listings climb. If we see new listings climbing more than 10% each week in January and February, that'd be a signal of potential supply and demand imbalance that we have not yet seen in the post-pandemic era. If a supply imbalance happens, we will keep our eyes open for home price correction. It's not in the data yet, but it's always worth watching for.

Home sales increased

There were 56,000 single-family home sales started in the week running up to Thanksgiving. It's interesting watching some sales get crammed in before the holiday. That was actually an increase of almost 1% from the week prior. There were another 12,000 condo sales started.

New Contracts Pending

Home sales are still averaging above last year



Source: Altos Research

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I'm showing here a 4 week average for home sales, which is 54,000. It doesn't include the big Thanksgiving dip, which will drop way down into the 30s when we report next Monday. Using the monthly average here to smooth out some of the noise.

The headlines citing home sales growth over last year have finally caught up to the data we've been reporting for a while. NAR reported 6.6% growth in their October pending home sales data which mirrors what we've been reporting here for a few months. Home sales in the 4th quarter of

the last two years have been so abysmal that I expect the headlines will report sales growth for at least a couple more months. We can see each week, there are more new contracts pending. As I say all the time, it's not a lot of home sales, but at least it's better than last year.

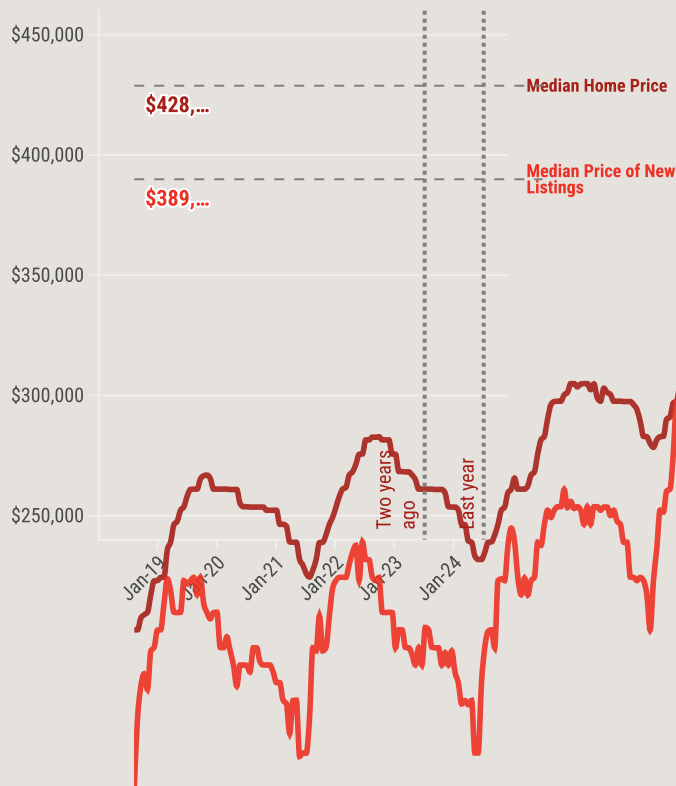
The real question is what happens next. Since mortgage rates are up near 7%, and home prices nationally have not fallen, the average payment that homebuyers are making is back at the record high levels for December. I expect weakness in Q1 if rates haven't eased down by then. At HousingWire, we expect about 5% more home sales in 2025 than in 2024. But until we see some improvement on affordability, that forecast is pretty tentative.

Home prices hold steady

The median price of all the homes in the U.S. is \$428,800. That's up just 1% from last year. This is the median price for those 707,000 single-family homes that are in active inventory right now.

Home Price Growth Over Time

Asking prices are up just 1% over last year



Source: Altos Research

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I haven't shown this view of home prices in a while. This is the long-term view of home prices over time. The dark line is the asking price for all the homes on the market around the country. The red line is the price of the cohort of homes listed for sale in a given week. I like this view because it clearly shows the seasonal peaks and troughs. And it shows us leading indicators for future sales prices.

The price of the new listings is commonly below the whole market because that's where the demand is. The median price of

the new listings is \$389,900 this week. That is also exactly the median price of the homes going into contract. More expensive homes sit on the market longer and the dark line median is higher.

After the new year, we can gauge the buyer demand strength by how quickly that red line jumps.

Home prices as measured by the price of the new listings are up 4.7% over last year at this time. That's right in the range with most of the home price metrics. We expect home prices to be softer in 2025 than this year and one of the early places to test that hypothesis will be to watch the trajectory of the price of the new listings after the new year.

The takeaway for home prices is that: prices will finish 2024 up about 5% over 2023. That was a surprise to me given how weak home buyer demand was all year. But nonetheless that's where we are. We're expecting home prices to rise only 3.5% in 2025 and we'll watch these leading indicators during the year to confirm that.

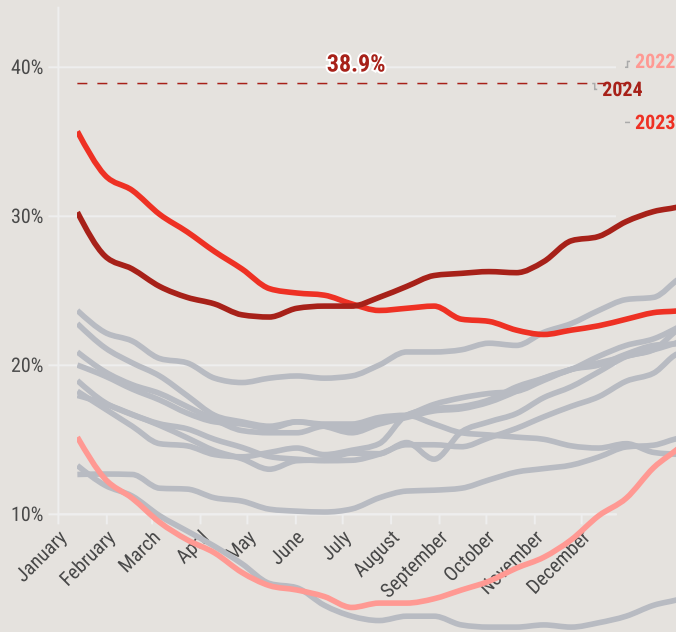
Price cuts decline

Price cuts have yet to notably decline for the winter. 38.9% of the homes on the market have taken a price cut from the original list price. That's 50 basis point fewer than last week as there's more homes absorbed each week in the holiday season. We see some

sales and some withdrawals. For the existing stock, some slightly more price cuts are happening now.

Percent of Properties with Recent Price Reductions

Price cuts have yet to decline for the winter



Source: Altos Research

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For the homes sitting on the market, if sellers aren't withdrawing over the holidays, then some are taking price cuts. It's a subtle measurement, but normally you might expect 80 to 100 basis points fewer in this metric each week this late in the year, but we only ticked down by 50 basis points recently.

This is one of the leading indicators that makes it hard to imagine home prices

climbing 5% or more again in 2025. Right now, at these levels of affordability, there are still a lot of sellers who aren't finding the offers they were hoping for.

The takeaway on price reductions is that you can see some price sensitivity along with mortgage rates around 7% and after the new year we'll be watching for new signals about the rest of 2025.

*Mike Simonsen is the founder of **Altos Research**.*

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