

Existing Home Sales Reached 14-year High in 2020

By [Fan-Yu Kuo](#) on [January 22, 2021](#) • (0)



As demand continues to be driven by low mortgage rates and a [suburban shift](#) for home-buying preference, existing home sales, as reported by the [National Association of Realtors \(NAR\)](#), ticked up in December and the annual sales tally reached the highest level since 2006. But surging house prices and inventory shortage could limit demand and slow the market.

Total existing home sales, including single-family homes, townhomes, condominiums and co-ops, rose 0.7% to a seasonally adjusted annual rate of 6.76 million in December. On a year-over-year basis, sales were 22.2% higher than a year ago. Existing home sales totaled 5.64 million in 2020, up 5.6% from 2019 and the highest total since the Great Recession.

The first-time buyer share decreased from 32% in November to 31% in December but unchanged from a year ago. However, price gains threaten this submarket in the future. The December inventory level fell to record-low 1.07 million units from 1.28 million units in November and is down from 1.39 million units a year ago.

At the current sales rate, the December unsold inventory represents an all-time low 1.9-month supply, down from 2.3-month in November and 3.0-month a year ago. This low level supply of resale homes is good news for home construction.



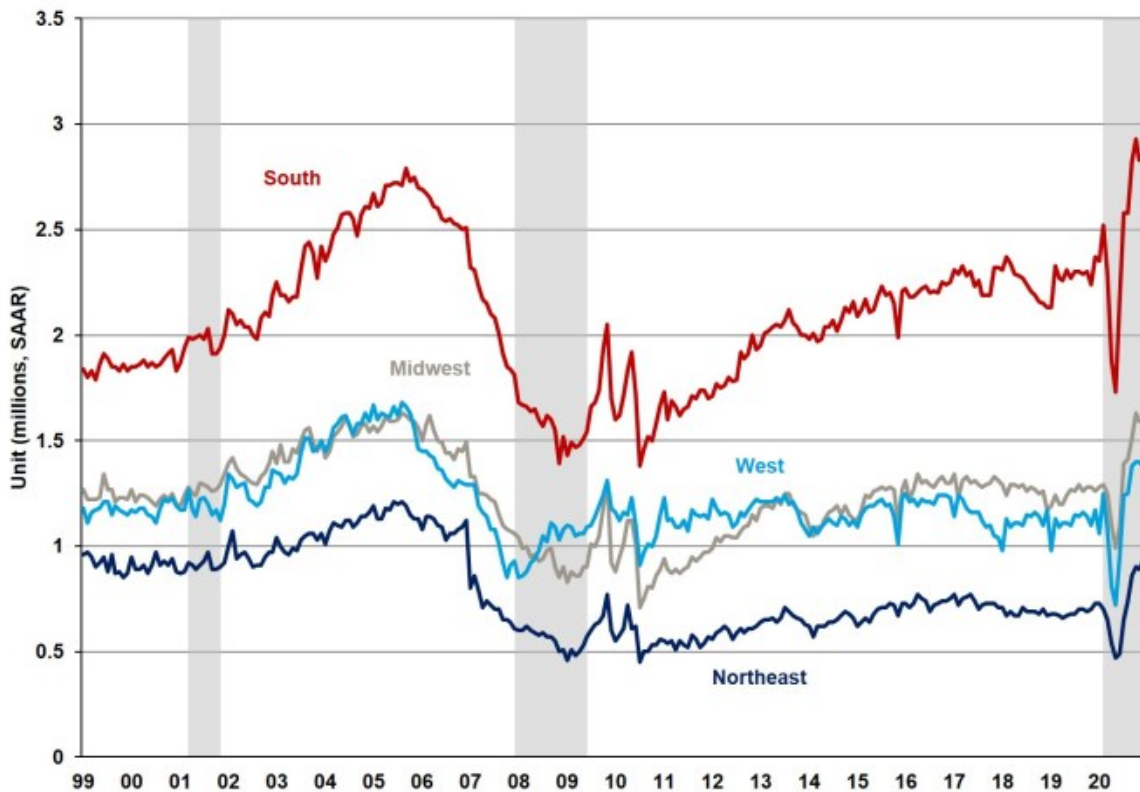
Homes stayed on the market for an average of just 21 days in December, an all-time low, seasonally even with last month and down from 41 days a year ago. In December, 70% of homes sold were on the market for less than a month.

The December all-cash sales share was 19% of transactions, down from 20% both last month and a year ago.

Tight supply continues to push up home prices. The December median sales price of all existing homes was \$309,800, up 12.9% from a year ago, representing the 106th consecutive month of year-over-year increases. The median existing condominium/co-op price of \$272,200 in December was up 6.9% from a year ago.

Regionally, two regions saw an increase in existing home sales in December. Sales in the Northeast and South rose 4.5% and 1.1% from last month, while sales in the West fell 1.4%. Sales in the Midwest remained unchanged in December. On a year-over-year basis, sales still grew by double-digits in all four regions, ranging from 17.9% in the West to 27.4% in the Northeast.

Existing Home Sales by Region



Though existing home sales have outperformed and housing demand is expected to remain strong due to low mortgage rates and remote-work flexibilities, [higher lumber prices and shortage of labor and land](#) make housing supply struggle to meet the increased level of demand. The imbalance between housing supply and demand could hamper future sales by driving up [house prices](#) and restraining [affordability](#).