

## December Home Sales Picked Up Backed by Strong Employment Gains; Existing Home Sales Still Near Decades Low

- Existing home sales increased in December and the year-over-year growth picked up.
- Sales were up in all four regions except the Midwest.
- Both single-family and multifamily sales rose for the third straight month in December.
- Low inventory and a lack of supply kept home prices elevated in 2024.
- PNC expects the still-solid US labor market and falling interest rates to support a gradual recovery in 2025.

Total existing home sales rose 2% in December 2024 from November, to 4.24 million at a seasonally adjusted annualized rate from 4.15 million, according to the National Association of Realtors (NAR). There has been a noticeable pickup in monthly existing home sales since September 2024. The year-over-year growth also picked up. On a year-ago basis, total existing home sales turned positive in October after contracting for more than three years. Year-over-year sales were up 9% in December, 6% in November, and 3% in October. Monetary policy remained restrictive in the end of 2024 even after the Federal Open Market Committee cut interest rates three times. Total existing home sales in 2024 still rested near decade-low levels regardless of home type, weighed heavily by the elevated 30-year fixed mortgage rate.

Monthly sales increased in all four regions except the Midwest where sales dropped 1%. Existing home sales were up 4% in the Northeast, and 3% in the South and the West. From a year ago, sales were firmly up in all four regions led by the West. Sales increased 13% in the West, 10% in the Northeast, 9% in the South, and 7% in the Midwest.

Both single-family and multifamily sales rose for the third straight month in December. Total existing single-family home sales rose 2% to 3.83 million, and sales of existing condos and co-ops were up 5% to 0.41 million. Single-family home sales were up 10% over the past year. Finally, existing multifamily home sales rose 3% on a year-ago basis in December. This is the first time it was positive since December 2021, reversing contractions made in the prior three years.

The inventory of total existing homes declined 14% to 1.15 million in December, the lowest level since April 2024. The supply of single-family homes fell to 3.1 months at the current sales pace in December from 3.7 months in November. Condos and co-ops supply dropped 15% on the month to 4.4 months at the current sales

pace. The seasonally unadjusted home price was \$404,100, an increase of 6% year over year. Low inventory and a lack of supply continue to keep home prices elevated in 2024.

The US economy added over 250,000 jobs in December according to a survey of employers from the Bureau of Labor Statistics. That is far above the consensus expectation for the month, and December was the strongest month for job growth since March. The solid job market continued to support housing demand even with mortgage rates picking up in recent months from September 2024. PNC expects continued monetary policy easing to support housing demand and restore housing affordability somewhat which still remained a challenge in Q3 2024.

**PNC Economics**

**Ershang Liang, Economist**

[economics@pnc.com](mailto:economics@pnc.com)

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