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Robin and Robert Knowles have been trying to sell their four-bedroom house in San Marcos, Texas, since September.

Blip Up in Home Sales Masks a Weak Year

BY NICOLE FRIEDMAN

Sales of existing homes rose in November, notching the biggest year-over-year gain in more than three years after a bigger supply of homes for sale gave buyers more opportunities.

Even so, home-buying activity remains subdued for the second straight year. Sales of previously owned homes in 2024 are on track to hit their lowest level since 1995.

Home prices are still near record highs, and while a latesummer drop in mortgage rates helped give a boost to November sales, rates have returned to higher levels. Many would-be buyers are priced out of the market.

“With mortgage rates back up to levels from last summer, sales activity is likely to wane again in coming months,” said Ben Ayers, senior economist at Nationwide.

The inventory of homes for sale has been extremely low in recent years because homeowners haven’t wanted to give up their low mortgage rates by selling and moving. But a rise in supply in recent months has been a rare bright spot. Inventory is up in part because some of those homeowners are getting impatient, especially if they have had a life change like a new baby or a job relocation. *

The recent uptick in supply and sales offers hope that next year could be an improvement after this long period of sluggish activity, according to Lawrence Yun, the National Association of Realtors’ chief economist.

“The extreme tightness in inventory is over,” he said. “We are seeing sales increase because of this increase in inventory.” *

Nationally, there were 1.33 million homes for sale or under contract at the end of November. That was down 2.9% from October but up 17.7% from November 2023, the National Association of Realtors said Thursday. *

Homes typically go under contract a month or two before the contracts close, so the November data largely reflect purchase decisions made in October and September, when inventory was higher.

“People are going, ‘Listen, we waited for a year and a half, we’ve got to make a move,’” said Trevor Halpern, a real-estate agent in the Phoenix area.

U.S. existing-home sales rose 4.8% from the previous month to a seasonally adjusted annual rate of 4.15 million, the highest level since March, NAR said. Economists surveyed by The Wall Street Journal had estimated a monthly increase of 2.5%.

November sales rose 6.1% from a year earlier, the biggest gain since mid-2021.

While the Federal Reserve has cut short-term interest rates three times this year, 30-year mortgage rates have risen in recent weeks, keeping buyers on the sidelines. The average rate for a 30-year fixed mortgage rose to 6.72% this week, according to Freddie Mac. *

Lennar, one of the country's biggest home builders, on Wednesday reported worse-than-expected quarterly earnings.

"Inflation and interest rates have hindered the ability of the average family to accumulate a down payment or to qualify for a mortgage," said Stuart Miller, Lennar's executive chairman and co-chief executive, in an earnings call Thursday.

For some opportunistic buyers, this fall offered a chance to buy a home with less competition.

Keith Farley and Sophiana Carrell lost out on two offers to buy a house earlier this year to higher bidders. But they noticed a slowdown in the market in the fall due to "everyone being on unsure footing with the Fed cuts and the election really causing a lot of uncertainty," Farley said.

They decided to jump in, because they weren't sure the slowdown would last. "We were worried that as the dust settles, that even the most basic of properties could result in a bidding war, especially if rates do drop," he said. "It felt like the right time for us to make this move."

The couple sold their one-bedroom condo in Oakland, Calif., a few weeks ago and bought a four-bedroom house in nearby Walnut Creek this month.

The national median existing-home price in November was \$406,100, a 4.7% increase from a year earlier, NAR said.

The housing market is usually slow over the holidays before picking up in the spring. Housing economists say the outlook for next year depends strongly on whether mortgage rates move lower, improving affordability for buyers. *

The typical home sold in November was on the market for 32 days, up from 25 days a year earlier, NAR said.

Robin and Robert Knowles listed their four-bedroom house in San Marcos, Texas, in September. They want to move to Virginia to be closer to family, but they haven't gotten any offers yet. They think there might be more interest in the spring due to the nearby university's hiring cycle.

"It's not a buyer's market or a seller's market—it's a dead market," Robert Knowles said. *

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