



Market Pulse

December 2024

As the year comes to a close, the tone in the housing market is cautious optimism.

Knoxville ranked in the top 10 hot spots nationwide for housing market recovery in 2025, according to the National Association of REALTORS® research team. Criteria included a favorable financing environment, expected increase in available inventory, and job growth, among others.

National housing forecasts anticipate a resilient market and some normalization of price growth in 2025, with mortgage rates the most unpredictable variable. The average 30-year fixed rate rose to **6.85%** as of this publishing, after Fed Chair Jerome Powell **noted** stubborn inflation and suggested the possibility of only 2 rate cuts in 2025. East Tennessee REALTORS® will release its annual regional forecast early next year.

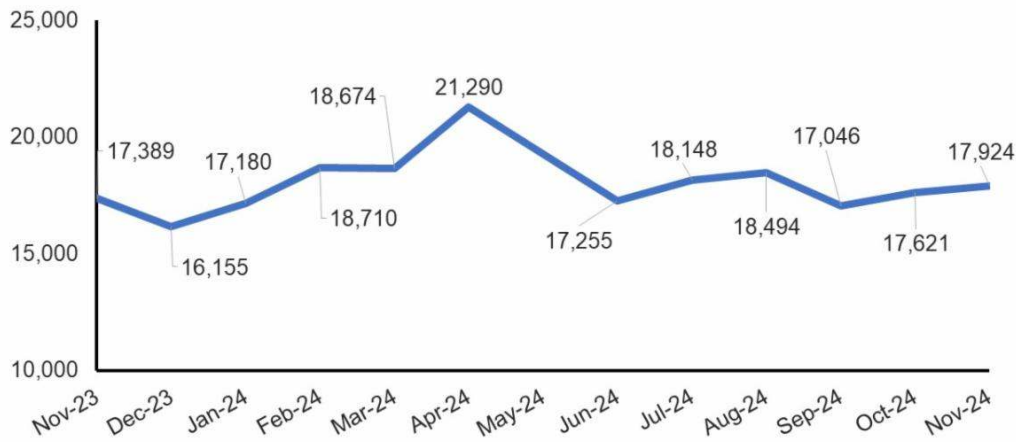
Home Sales Report

November 2024

- East Tennessee **home sales** increased 1.7% from the previous month, a 2.2% increase from the previous year.
- The **median sale price** was \$375,000 — up 7.7% from the previous year.
- Total **housing inventory** increased from the previous year — up 29%
- **Half of the homes sold were under contract in 21 days or less**, up from 12 days a year ago.
- 40.58% of homes sold for the **asking price or above**, with 19.33% selling for more than the asking price. 7.44% sold for at least \$10,000 over asking and 2.69% sold for at least \$25,000 over asking price.
- The **sale-to-list price ratio** decreased from last month to 96.87% — down from 97.8% a year ago.
- **New construction** represented 15.37% of total home sales.

East Tennessee REALTORS® reports home sales data using a seasonally adjusted annualized rate (SAAR). This method takes into account seasonal fluctuations in the real estate market, such as increased home sales during the spring and summer, by adjusting the data to provide an annualized rate representing the projected number of homes that would be sold over a year if the current sales pace were to continue.

Seasonally Adjusted Annualized Rate of Home Sales East Tennessee



Source: East Tennessee REALTORS®

What's the Outlook? East Tennessee home sales continued to increase slightly in November. Mortgage rates remained below 7%, sliding from 6.72% at the beginning of the month to 6.6% by November 30. Inventory is still increasing month over month, but at a slower pace. There was a 2% decrease in active listings from October to November, a typical seasonal occurrence. The median sale price increased month over month for the third month in a row.

Knox County saw home sales increase 6% from the previous year and increase 2.7% over the previous month. The data shows a 24% increase in inventory over this time last year and a 1% increase month over month.

Housing inventory across most of the East Tennessee region decreased modestly in November, a typical seasonal pattern. As of December 1, active listings across the region were up 26% from the previous year. 9 of the 12 counties covered by the East Tennessee REALTORS® Multiple Listing Service recorded month-over-month declines in available inventory from November to December.

Active Listings By County

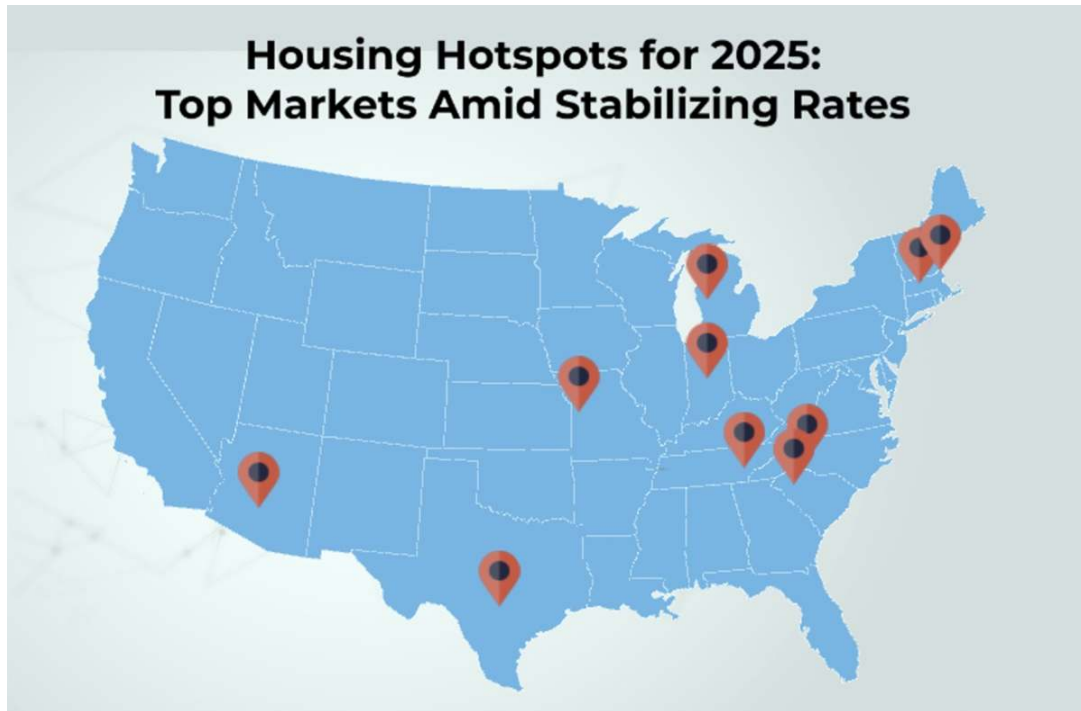
Data as of December 01, 2024.

County	1-Dec	1-Nov	M/M
Anderson	187	187	0%
Blount	510	517	-1%
Campbell	158	172	-9%
Cumberland	389	395	-2%
Fentress	153	157	-3%
Knox	1,323	1,315	1%
Loudon	316	350	-11%
Monroe	174	189	-9%
Morgan	55	52	5%
Roane	194	198	-2%
Scott	82	88	-7%
Union	74	81	-9%
East Tennessee	3,615	3,701	-2%

Source: East Tennessee Realtors® • Created with Datawrapper

Knoxville Metro named to top ten housing hot spots

According to the [latest research report](#) from the National Association of REALTORS® research group, Knoxville will be one of the top 10 performing markets nationwide in 2025. These "hot spots" should see more available inventory, more attainable price points and higher income growth among young adults when compared to other metro areas. NAR released the report in December during their annual forecast summit.



Knoxville ranked above the national averages in job growth, share of originations with rate below 6%, net migration, out-of-state movers purchasing homes, starter-owner occupied units and overall home price growth. Nearly 50% of people moving into the Knoxville market chose to purchase a home in 2024, and a relatively high number of owned homes means that residents have accumulated wealth as home prices and property values rise together.

November 2024 Median Estimated Property Value

Knoxville, TN 37922

Single Family + Condo/Townhouse/Apt.



Courtesy of Maria McHale

Source: Realtors Property Resource® analysis based on Public Records and Listings

While these metrics point to a healthy market in 2025 for those who can afford to enter, they also underline the continuing price and availability barriers to homeownership for Knoxville residents. These performance indicators also assume that the ratio of homes built to population increase is constant or better than the current ratio.



“Important factors common among the top-performing markets in 2025 include available inventory at affordable price points, a better chance of unlocking low mortgage rates, higher income growth for young adults and net migration into specific metro areas.”

– Lawrence Yun, Chief Economist at NAR

National forecasts look forward to housing market resiliency despite mortgage rates

Major housing forecasts in December aligned on an expected uptick of existing and new home sales, increasing inventory and a deceleration of home price growth.

The National Association of Realtors 2025 Forecast calls for a housing market rebound in 2025, predicting that mortgage rates will become stable around 6%, inventory will increase bringing more modest home price growth at 2%, and that existing home sales will rise to 4.5 million units.

At the Dec. 12 virtual NAR Real Estate Forecast Summit, NAR Chief Economist Lawrence Yun predicted that the worst is over, saying that a combination of factors including economic optimism, job growth and increasing inventory will cause home sales to rise to double digit growth in 2025, between 7-12%.

Yun noted that a less quantifiable effect, homeowner frustration, may also be a significant driver in home sales and inventory growth as people who have waited for positive indicators decide to jump into the market to suit their life changes.

The "lock-in effect," where mortgage rate fluctuation motivates homeowners to stay put in financed homes instead of selling, is expected to continue but ease in specific locations such as the Knoxville metro area, where other mitigating factors create a friendlier market.

The outlook for multi-family housing is less rosy, with most forecasters noting that existing barriers to building and financing multi-family units will remain in 2025 and the market will stay relatively flat.

National Housing Market Forecasts for 2025

National Association of REALTORS®	2% Home Price Growth	6.0% Mortgage Rate	4.5 M Existing Home Sales
Fannie Mae	3.6%	6.4%	4.25 M
Realtor.com	3.7%	6.3%	4.07 M
HousingWire	3.5%	6.0% +	4.2 M
Mortgage Bankers Association	-	5.9-6.2%	4.3 M
Goldman Sachs	4.4%	6.0% +	4.2 M

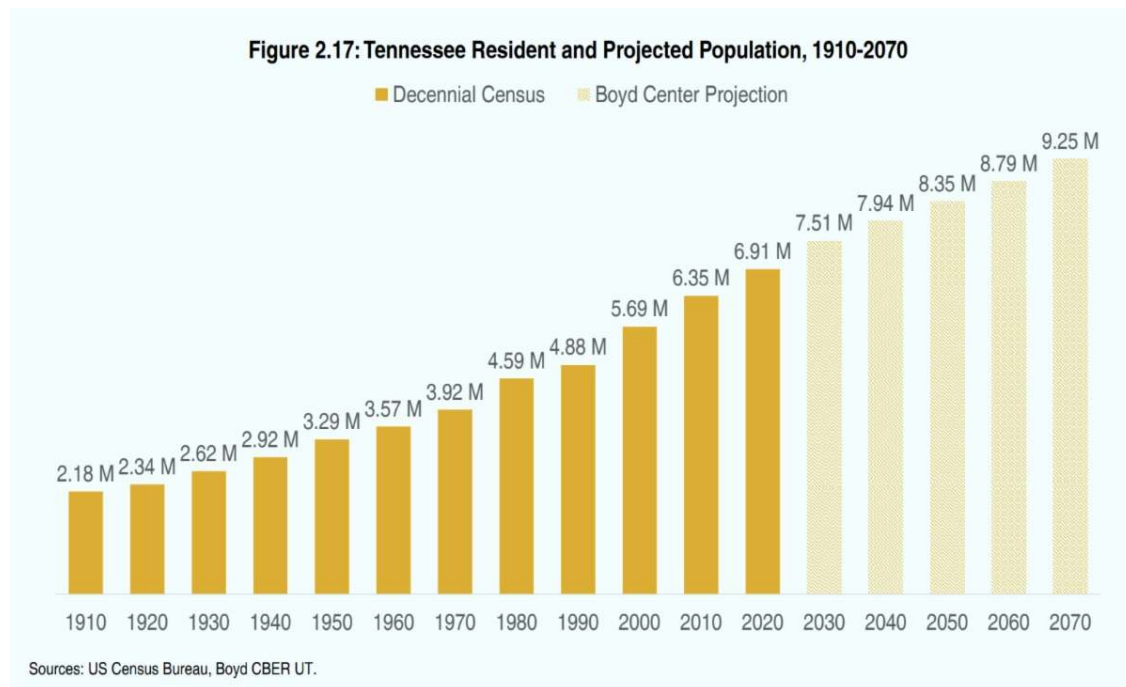
Tennessee population growth continues at a strong and sustained pace, with focus on metro areas

The newly released [2025 volume](#) of An Economic Report to the Governor of the State of Tennessee from the University of Tennessee indicates that the state's population growth of 1.1% is twice the national average of 0.5%, mostly due to continued net migration. Overall, migration focused on large metro areas in Middle and East Tennessee, with more modest growth in rural areas of East Tennessee.

The report notes that 2022 and 2023 brought the highest levels of net migration in recorded history, with 91,811 and 77,513 new residents each year respectively. Inside the state, Knox County ranks second at 5,289 new residents, only behind Rutherford County at 6,419.

In our East Tennessee region, Blount, Loudon and Anderson counties followed closely behind Knox, all with more than 1,000 new residents.

The Boyd Center for Business and Economic Research projected in the report that Tennessee will continue to see strong population growth, reaching 7.51 million residents by 2030.



Interestingly, the source of migration has shifted slightly with an increase in international migration helping to offset the slightly slower gains in domestic migration in 2023. Some of this phenomenon can be attributed to a [change](#) in the way the U.S. Census Bureau estimates international migration, revising the estimate upward to 27,650 new Tennessee residents from other countries.

Mortgage rates hover close to 7%

Mortgage rates climbed back toward 7% in late December after several weeks of fluctuation. According to [Freddie Mac's Primary Mortgage Market Survey](#), the 30-year fixed mortgage rate (30Y FRM) averaged 6.85% for the week ending December 26, 2024, compared to an average of 6.61% this time last year.



IN THE NEWS

Stay up-to-date with the most recent information about East Tennessee's housing market. Here's the latest from local media:

[Knox News: Tax deal means new addition to Knoxville skyline will include more affordable apartments](#)

[WBIR: More than half of all renters in Knoxville metro area are cost-burdened, report says](#)

WHAT WE'RE READING

[U.S. Guest Bedrooms Reach Highest Count and Share on Record](#)

Realtor.com | December 18, 2024

[Existing-Home Sales Elevated 4.8% in November; Post Strongest YOY Increase Since June 2021](#)

NAR | December 19, 2024

[Commercial real estate optimism is rising, namely apartments](#)

John Burns Research & Consulting | December 20, 2024

[Optimism and excitement at 2024 McCoy Symposium](#)

ULI | December 23, 2024

[Eye on Housing: New Home Sales Rose in November](#)

National Association of Home Builders | December 24, 2024

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